

OVERSEAS NEWS

Madrid coup trial judges placed under arrest

BY ROBERT GRAHAM IN MADRID

A SPANISH general and an admiral have been placed under house arrest after insulting General Gomez de Salazar, who presided over the court martial of those tried for last year's abortive coup.

This is the first time such a punishment has been handed out to a senior officer since the death of Franco.

The incident caused serious concern in the military establishment and provoked an emergency meeting of the joint chiefs of staff yesterday.

The two men involved, Admiral Justo Carrero Ramos and Gen Jose Bacina Rodriguez, were qualified military lawyers and had been drafted in to serve on the court martial to replace two members who stepped down because of conflict of interest.

On Thursday, the Council of Supreme Military Justice met to consider the petition by seven officers to have their sentences for their part in the coup attempt reduced from three years and less to a form of re-education.

The meeting was presided over by Gen Gomez de Salazar. He began by asking Admiral Carrero Ramos and Gen Bacina to leave because that morning the official bulletin had announced they were no longer serving on the council.

No explanation was given but the Defence Ministry maintained subsequently that they had only been on the council in

Begin proposes nuclear free zone

By Our UN Correspondent ISRAEL yesterday again proposed an agreement with its Arab neighbour on the establishment of a zone free of nuclear weapons.

The idea, advanced by Israeli spokesman at past sessions of the UN General Assembly, was presented this time by Mr Menachem Begin, the Prime Minister, the first Israeli head of Government ever to address the UN.

As in the past, it is expected to be dismissed by those to whom it was directed—despite the fears repeatedly expressed in the UN that Israel might become a nuclear power.

In his speech, Mr Begin made no mention of the Israeli invasion of Lebanon, but delegates evidently had this very much in mind when many of them walked out of the assembly hall in protest as he went to the rostrum.

Not more than 50 or so of the 187 member states were represented during his speech, and few of them sent in a full delegation.

There was one delegate, Mr M. Goulding, in the British seats at the start of the speech. The Soviet delegation and most of the other Eastern Europeans did not bother to show up, as Mr Begin was the first speaker of the day.

Mr David Anderson, the Australian delegate, presided, sitting in for Mr Ismail Kittani, the assembly president, who is an Iraqi.

In his address, Mr Begin scoffed at the slogan "better red than dead". The true command, he said, was neither red nor dead, "but alive and free."

Before he went to the UN, Mr Begin had breakfast with the U.S. Secretary of State, Mr Alexander Haig, with whom he discussed the Lebanon situation. President Reagan and the Israeli leader are due to have talks on Monday.

The UN Security Council scheduled a meeting last night to renew the mandate of the UN peacekeeping force in Lebanon, which was over-run or bypassed by Israeli troops as they struck deep into the country.

In the past the forces' mandate has been renewed for six-month periods, but member governments favoured a briefer extension this time so that they might review its future role.

Polish debt warning

By Christopher Bobinski in Warsaw and Peter Montague in London

AN EFFECTIVE solution to Poland's current debt problems must include rescheduling agreements with both Western Governments and private commercial banks.

This was stated in Warsaw yesterday by Mr Zbigniew Karcz, the head of the foreign department at the Polish Finance Ministry. In an interview with the weekly *Polytika*, he said that while the banks' position was becoming more flexible, Governments are remaining silent on the rescheduling issue.

His remarks follow renewed hints from commercial bankers this week that they are prepared to open preliminary discussions with Poland on rescheduling 1982 debt maturities of some \$2.5bn, even in the absence of parallel discussion with governments on their terms, totalling \$3.2bn.

But bankers say that there is very little prospect of these discussions being any more than preliminary. Despite the difficulty of reaching any agreement without progress on the government side, a further stumbling block is Poland's inability to meet interest obligations.

The interest arrears are thought to have begun to worry some of the smaller banks

PLO shows signs of a bad beating

BY ANTHONY McDERMOTT IN BEIRUT

EVEN THE popular front for the Liberation of Palestine (PFLP), the Left wing of the Palestinian guerrilla movement, is now betraying signs that the Palestinians have taken a mighty beating.

Dr George Habash, the PFLP leader, yesterday called a Press conference, shrouding the venue in secrecy so that only the dozen of the Beirut taxi drivers was aware of the address.

Dr Habash is an affable man, white-haired and with a black moustache. His English is good, but when his ideas run ahead of him, he reverts to Arabic. He is too old, and even if he uses Jargon, the points he makes merit attention.

The first point, which is un-

doubtedly true, is that the PFLP and the Palestine Liberation Organisation (PLO) are not functioning politically.

Dr Habash slipped easily into the verbiage. "Our main aim," he said, "is to make the losses of the enemy as high as possible and also to go on fighting until progressive forces realise their capabilities.

"We believe our battle is a success... I mean it."

The Palestinians of course enjoy the luxury of fighting on somebody else's land. Dr Habash said: "If the enemy believes we are finished, Our answer is, we can conquer Sidon, Tyre, Beirut... but to be finished with us is something else."

In broad terms, he is correct, later parallels with Hanoi and

North Vietnam became somewhat fanciful.

Dr Habash struck a realistic chord when he implicitly criticised the Arab countries for not doing anything more active to help the Palestinians. He felt certain that if these had to be a protracted battle for Beirut, then these countries would rally round.

Meanwhile, he gave much praise to the "Lebanese people" and the "national progressive movement," a grouping of Left-wing parties which has been reluctant so far to join the National Salvation Committee appointed by President Elias Sarkis.

He even called the journalists present "people that have believed in the cause of the

Palestinian people—which may be true, but is certainly an assumption in many cases.

At the same time, he said that Mr Hani al Hassan, one of Mr Yassir Arafat's chief advisers, had been misquoted over political and military concessions to Israel.

Asked whether he was speaking on behalf of the PLO as a whole, Dr Habash said only that "the PLO is, in general, thinking on the same lines." He equated Mr Philip Habib, the special envoy with Mr Menachem Begin, the Israeli Prime Minister.

The Soviet Union was a real sincere ally, and the U.S. was predictably somewhat less, he said.

The saddest aspect of his Press conference was the



Mr George Habash... the Palestinians will continue to fight

impression albeit temporary on one branch of the PLO going under, drowning itself in ideological infelicity.

Israel to keep tight grip on relief work

BY STEWART DALEY IN TYRE, SOUTH LEBANON

ISRAEL INTENDS TO KEEP a tight grip on the relief effort now slowly getting under way in Lebanon.

According to Mr Yakov Meridor, Israel's Minister for Economics and Inter-Department Co-ordination, supplies and personnel will be channelled through Ben Gurion airport outside Tel Aviv. Taxis and landing fees will be waived for relief aircraft.

The minister said that most of Israel's 18 relief agencies were at work in the Lebanon and that he was in Tyre to co-ordinate their efforts.

They were involved not only in food supply but also in electricity repairs, house reconstruction and medical aid.

Israel had invited international agencies and foreign countries to participate in the relief drive but so far according to Mr Meridor, only the International Red Cross has agreed to channel its efforts through Ben Gurion.

Mr Meridor said Israel was feeding just a few hundred people each day. This was because there was food and rations before the invasion and the hinterland of Lebanon was agriculturally very rich.

Mr Meridor, who was giving his Press conference in the bombed-out, largely blackened remains of a large Moslem school, said he thought 10 per cent of the housing would need reconstruction.

This is a conservative estimate. It is difficult to find any main building in Tyre which has not been at least partially destroyed.

Optimism on plan for Kampuchea

By Kathryn Davies in Singapore

THE SUCCESS of the Association of South East Asian Nations (ASEAN) in forging an alliance of three mutually hostile Kampuchean groups in an anti-Vietnamese alliance, has been greeted with cautious optimism by some of ASEAN's major dialogue partners.

Asian foreign ministers and their counterparts from the U.S., Japan, Australia, Canada and New Zealand and the European Commission told journalists at the end of two days of talks here that "baring any unforeseen circumstances" former Kampuchean head of state Prince Sihanouk would meet anti-communist leader Son Sann and Khmer Rouge representative Khuon Samphan in Malaysia early next week to sign a formal agreement establishing a government-in-exile.

Democratic Kampuchea's seat at the United Nations is currently held by the Khmer Rouge, which is generally held responsible for the deaths of between 1m and 3m people when it was in power between 1975 and 1978.

The immediate effect of the coalition will be to safeguard the Khmer Rouge seat at the UN when the vote on Kampuchea's representation is taken again this September in New York. EEC President Leo Tindemans has said that seven of the 10 EEC members would no longer have voted for the Khmer Rouge seat unless a coalition had been formed.

There are serious doubts among ASEAN's allies about the credibility of the coalition.

Israeli bank looks at role of shekel

BY DAVID LENNON IN TEL AVIV

THE Bank of Israel is debating what should be the relationship between the Israeli shekel and the Lebanese pound in the area of Lebanon occupied by Israeli troops.

No final decisions have yet been taken, but already the bank says that it has no intention of declaring the shekel as legal tender in occupied Lebanon, even if in reality the Israeli currency will be in

increasing use.

The Bank of Israel is hoping to make contact with the central bank in Beirut to establish regular and stable fiscal relations between the two countries and to make arrangements regarding the use of both currencies in Israeli-occupied Lebanon.

Politicians' court returned Biafran leader

BY MICHAEL HOLMAN IN LAGOS

THE FORMER Biafran leader, Mr Chukwunemeke Odumegwu Ojukwu, returned to Nigeria yesterday after a 12-year exile. His homecoming marks both the final reconciliation after a civil war that cost over half a million lives and the re-entry of a major political force in politics for next year's general elections.

Shortly after noon yesterday Mr Ojukwu's chartered Nigeria Airways 727 touched down at Martels, Muhammed international airport before an excited crowd of several thousand.

The welcome was smaller than many expected. The tortuous roads impassable and the 15-mile journey to the airport an ordeal. But the real welcome

no political slogans were chanted. The mood appeared one of overwhelming relief and joy that a venerated leader was back in a united, stable, federal Nigeria.

Throughout his emotional homecoming Mr Ojukwu remained extraordinarily composed, posing patiently for photographers and shaking hands with old friends, but refusing to say a word. Undoubtedly when he chooses to talk it will be with considerable care. Every word will be analysed for an indication of which party—if any—he will support in next year's election.

But the return of Mr Ojukwu was made possible by the country's civilian leader, President Shagari. Announcing the state pardon a month ago the Presi-

dent said it would "close the saddest chapter of our national history."

For all the main political parties—the ruling National Party of Nigeria (NPN) led by President Shagari, the Unity Party of Nigeria (UPN) of Chief Obafemi Awolowo and Dr Nnamdi Azikiwe's Nigerian Peoples Party (NPP)—Mr Ojukwu would be a major prize.

He would for a start ensure the allegiance of two Ibo dominated states, Anambra and Imo, currently held by NEPP. That alone could be critical in next year's election. Judging by the preparations this weekend at Nnewi, where hundreds of thousands of supporters are already gathering, Mr Ojukwu's popularity among the Ibo is undiminished.

TALKS ON UN ROLE IN NAMIBIA SETTLEMENT

BY QUENTIN PEEL, AFRICA EDITOR

THE LONG-RUNNING international initiative to promote a peaceful settlement in Namibia (South West Africa) is expected to take an important step forward in the next two weeks with talks in New York on details of how the United Nations will supervise a ceasefire and elections in the territory.

Optimism has been expressed on all sides of the dispute this week that progress towards a settlement is possible, raising the prospect of an end to the 14-year long guerrilla war being fought by the South West Africa People's Organisation

with the existing South African administration. South Africa still has to be reassured about the impartiality of the UN, just as SWAPO is worried about the influence on an election of the South African police and civilian administration.

The prospect of the talks has been raised by the recent tour of key black front-line states in southern Africa—Tanzania, Zambia and Angola—by senior officials from the five-nation Western "contact group," which includes the U.S., Britain, Canada, France and West Germany.

Major issues still to be resolved in the talks include the exact role and composition of the UN military and civilian force in the territory, which is intended to work in tandem

with the existing South African

administration. South Africa still has to be reassured about the impartiality of the UN, just as SWAPO is worried about the influence on an election of the South African police and civilian administration.

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Officially retiring for health reasons, it has become increasingly apparent that he has, over a period of years, been squeezed out in favour of his older colleague.

To his opponents M. Séguy is

embodies a comeback by the party hard line. M. Séguy, at the last congress in 1978, endorsed a policy of more open leadership, reflecting to a greater extent the diversity of

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OVERSEAS NEWS

Insurance premiums for shipping start to fall

By John Moore
City Correspondent

Insurance premiums on ships sailing into Argentine waters are beginning to fall following the end of the Falklands crisis, underwriters in London said yesterday.

Following the outbreak of hostilities, underwriters in London and at Lloyd's insisted that all insurance policies on ships going to the area had to be renegotiated in respect of their war risk cover.

The usual war risk rate on ships' hulls was 0.025 per cent per annum of the value of the hull. Once the crisis began, underwriters were charging up to 0.125 per cent of values for war risk cover on periods of up to 14 days, in addition to the 0.025 per cent annual premium.

Owners of ships whose vessels were requisitioned for participation in the hostilities were being asked up to 15 to 20 per cent of hull values for limited periods, which met with great resistance.

It is understood that most owners whose ships became involved in the hostilities did not accept the Lloyd's terms and effectively became off-risk on their war risk insurances. They were in any event to be largely compensated by the Government.

Hull and machinery underwriters have now withdrawn the additional premium requirements on ships travelling to ports in north Argentina, including Buenos Aires down to Puerto Madryn.

Underwriters are still insisting that owners sending ships to the area should notify them so they can assess whether extra premiums need to be charged.

"We tend to move slowly in these matters and the crisis has not eased far enough for us to relax totally," said one underwriter.

Meanwhile, owners sending ships into the zone determined by underwriters as an "exclusion" area for purposes of existing war risk insurance, may have to be prepared to pay higher premiums.

This area is determined as E. of 70 W; N. of 60 S.; S. of 34 S; W. of 50 W.

Monetarist orthodoxy has fallen from grace with Galtieri, report Hugh O'Shaughnessy and Jimmy Burns from Buenos Aires

Peso plunges as Argentina agonizes over the recession

THE FINANCIAL markets were in uproar here yesterday as the Argentine peso plummeted internationally. Though the official rate for U.S. dollar notes was maintained by the central bank at 15,100 pesos, dollars were reportedly changing hands on the unofficial market at 30,000 pesos or more.

During the day the peso price of dollar bonds, which are legally on sale here to holders of Argentine pesos, was steadily marked up to prices only slightly below those on the official market.

The present parities are in sharp contrast to the quotation of 2,000 pesos to the dollar in January last year.

The flight out of pesos began to accelerate as it became clear that whatever new Argentine Government took over from General Caldera, who was forced into retirement on Thursday, would in all likelihood dump the economic orthodoxy of his economic minister Dr Roberto Alemann.

It is expected that Argentina will now go for a much more dirigiste economic model with exchange controls and increased public spending.

Such a move is expected to increase the rate of inflation which, in terms of wholesale prices, is presently running at nearly 200 per cent a year.

Thursday's announcement that

bank interest rates were not to be allowed to exceed the monthly rate of inflation was taken as the first confirmation of the new direction of economic policies.

Significantly, the interest rate announcement was made by Air Force Brigadier Jose Miret, the Secretary of Planning, rather than Dr Alemann, who on Thursday submitted his resignation along with other members of the Cabinet.

In a frank radio interview,

Brig. Miret said "there is no economic model in the world that we can transplant here."

The Argentine economy, is in one of the deepest recessions in its history. The gross domestic product fell by 5.7 per cent in the first three months of this year. Prospects for the second quarter do not look much brighter.

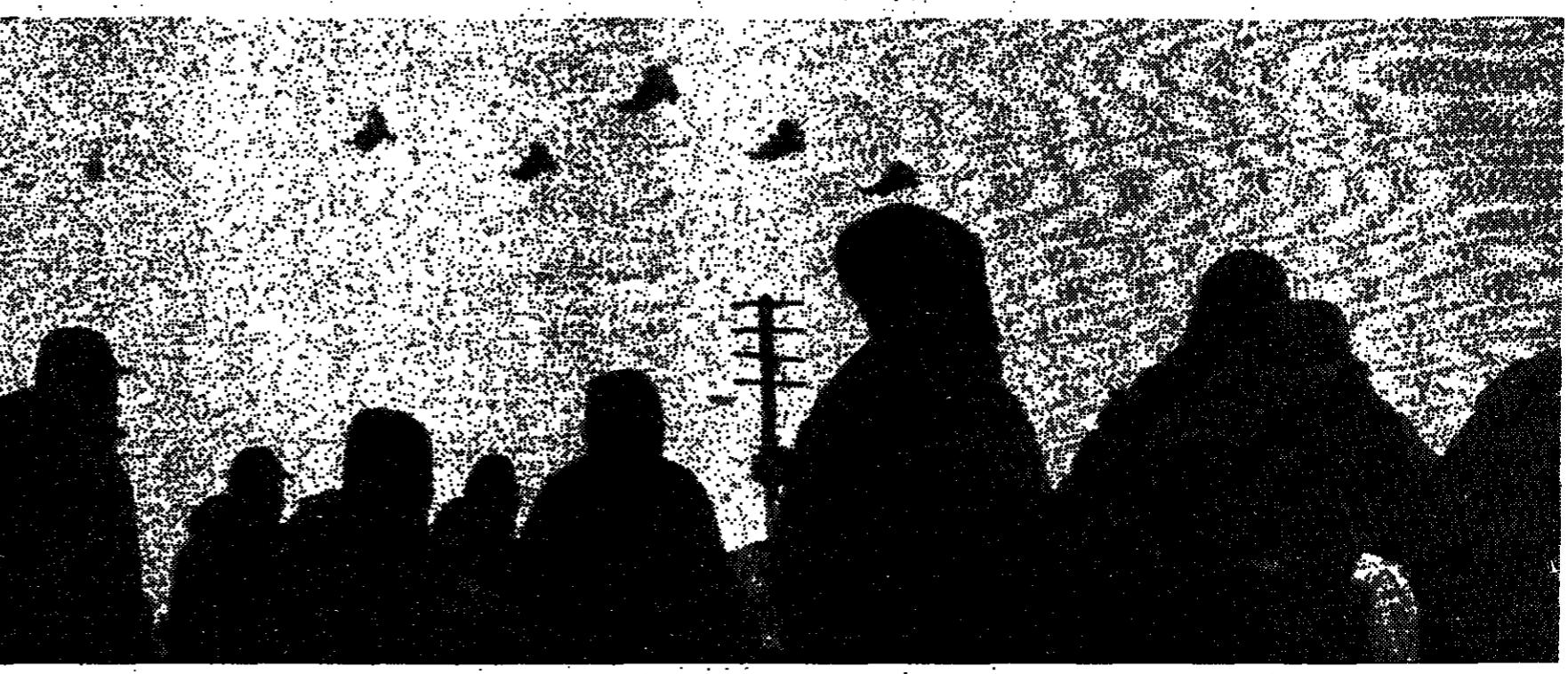
The business research unit,

FIEL, last week published the results of a survey of 300 major Argentine companies which concluded that businessmen felt the recession could become worse in the next three months.

Manufacturing industry is reported to be running at just over 50 per cent capacity, because of sharp fall in demand.

The automotive industry in the first four months of this year, was running at 26.2 per cent of capacity.

Industrialists blame the recession on interest rates, which



Defeated Argentine troops watch Royal Navy helicopters over Port Stanley

have rocketed since the financial system was liberalised in 1977.

There are no reliable estimates of how much the Falklands war cost Argentina. The bulk of the arms and ammunition had already been bought by

Argentina which re-equipped its armed forces just before the increase in tension with Chile, over the Beagle Channel, in 1978.

Additional expenditure appears to have been adequately

covered by the voluntary Patriotic Fund—which has included voluntary contributions of money, goods and services by numerous Argentine and foreign companies—and by extra taxes introduced shortly after the Argentine invasion in an emergency package.

Firm handling of the Argentine economy has been absent as a running battle has gone on between orthodox economists like Dr Alemann and national-

lists in the Government who were pressing for relaxation of monetarism.

As a result the industrial and the banking sectors have sunk into a mood of increasing apprehension.

Anglo-Irish row on S. Atlantic

BY OUR DUBLIN CORRESPONDENT

A ROW has blown up between the British and Irish governments over remarks made by Northern Ireland Secretary, Mr James Prior, on the Republic's attitude to Britain's conflict with Argentina over the Falklands.

Speaking on BBC Radio Ulster, Mr Prior said Irish government policy had a very serious effect on the attitude of people in Britain. This had made Anglo-Irish relations more difficult.

He went on to say that his argument was not with the Irish people but with some politicians in the Republic. Mr Prior said the Irish people had shown that they understood the position of the United Kingdom and supported it.

It was this contention that particularly angered the Republic's Foreign Minister, Mr Gerard Collins. He said it represented an "audacious intrusion into the affairs of another country," and accused Mr Prior of trying to come between the government and the people of Ireland.

Accusing Mr Prior of a serious error of judgment, Mr Collins said it was time certain British politicians abandoned their refusal to recognise that Ireland was an independent state with its own sovereignty.

On the question of some British firms withholding orders from Irish customers, Mr Collins said Britain should remember

that Ireland represented her fourth largest export market.

British firms ought to bear this in mind "if there are sanctions, there will be casualties here," said Mr Collins. "But there will also be casualties in Britain."

Mr Collins' remarks, also in a speech, represent the most trenchant criticism yet levelled at Mr Prior by a Minister in Mr Haughey's cabinet. Mr Haughey has already defended his Government's policy of strict neutrality on the Falklands issue, but had refrained from direct criticism of individuals. Mr Collins said he would raise the matter when he met Mr Pym in Luxembourg at the weekend.

Admiral Harry Train, the Supreme Allied Commander in the Atlantic, recently complained he had to do his job with three quarters of the ships he needed.

Admiral Lord Hill-Norton, the former Head of Navy and Chief of Defence Staff, argues that if the Falklands crisis had come in three years' time Britain would not have been able to muster the task force it needed.

SOME REMARKS by Admiral Lord Hill Norton, the former Chief of Defence Staff, were inadvertently attributed yesterday to Admiral Train, the U.S. commander of NATO Atlantic forces. The paragraphs in question should have read:

Admiral Harry Train, the Supreme Allied Commander in the Atlantic, recently complained he had to do his job with three quarters of the ships he needed.

Admiral Lord Hill-Norton, the former Head of Navy and Chief of Defence Staff, argues that if the Falklands crisis had come in three years' time Britain would not have been able to muster the task force it needed.

BRITAIN is to send a detailed report to the French and Swedish Governments on the questioning of Captain Alfredo Astiz about the disappearance of two French men in Argentina and the shooting of an 18-year-old Swedish girl.

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The Government is also considering the best way of celebrating Britain's repossessing of the Falklands and commemorating those who died in the campaign, the Prime Minister announced. Mrs Thatcher had been asked by Tory MP Sir Hector Monro (Dumfries) and Mr Tony Marlow (Northampton) to consider arranging a victory parade in London.

She told them: "We are considering, with those concerned, the most appropriate way of celebrating the successful conclusion of the campaign to repossess the Falkland Islands and to commemorate those who gave their lives. We will announce the details as soon as possible."

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

He said the captain was treated in accordance with the Geneva Convention, which required Britain not to put any pressure on him to obtain information of any kind.

Lord Kenneth, Social Democrat, wanted to know why the Government had "let Astiz go" before matters could be decided in the courts. He pointed out that under the Geneva Convention it was mandatory to prosecute a person accused of torture.

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All prisoners of war are required to provide their name, rank and number," he said. "This is what happened. Capt Astiz was then repatriated.

RETAIL PRICES

Consumer index up by 0.7%

By Max Wilkinson,
Economics Correspondent

The retail price index rose by 0.7 per cent in May to 222 (1974=100). This was 0.9 per cent higher than six months ago and 9.5 per cent higher than a year ago.

The rise for May partly reflected prices for seasonal foods which were higher because of the effects of hot, dry weather on crops.

The average price of seasonal foods increased by 4.5 per cent in the month and by 13 per cent compared with a year earlier.

Higher average gas and electricity charges also pushed up the index. The price of tobacco also increased by 2.6 per cent in the month and there was a rise in the average price of second hand cars.

However, there was a small reduction in mortgage interest payments during the month and average telephone charges fell.

Interferon may also prove useful against some forms of cancer, although the early euphoria about this has now been dampened while clinical trials continue.

PRICES
Annual percentage increase to May

All items	9.5
All items excluding food	9.3
Food	10.4
Seasonal food	13.1
Food excluding seasonal	7.1
Alcoholic drink	11.7
Tobacco	14.5
Housing	13.7
Fuel and light	14.1
Durable household goods	3.1
Clothing and footwear	1.3
Transport and vehicles	7.4
Miscellaneous goods	8.3
Services	10.6
Miles out	7.5
Nationalised industries	14.0

ANNUAL INFLATION RATES

	April
Japan	2.8
West Germany	5.0
Switzerland	5.5
Austria	5.8
Netherlands	6.2
U.S.	6.6
Belgium	8.4
Sweden	8.7
UK	9.4
Denmark	10.0
Australia (Feb.)	10.5
Canada	11.4
Norway	11.4
France	12.9
Spain	12.9
Italy	15.8
Ireland (Feb.)	16.9
Greece	21.8
ERC average	10.4
OECD average	8.4

SDP shortlists five for Gower selection

BY ROBIN REEVES, WELSH CORRESPONDENT

MR JO GWYN MORGAN, who was front runner ten years ago for the job of Labour Party general secretary, has emerged as a possible SDP candidate at the impending Gower by-election.

He is one of five people shortlisted by the SDP's local steering committee from 28 applications. Until yesterday it was not widely known that he had joined the Social Democrats.

The final selection is being made by postal ballot of the 380 SDP members in the West Glamorgan area.

All ballot papers must be returned by Tuesday.

It is the first time that the SDP has chosen its candidate by a postal ballot of the local membership.

Labour has hinted that it will not trigger the by-election before September, but because a poll could take place in July the Social Democrats are using an emergency selection procedure to choose their candidate.

The other four on the SDP

shortlist are: Mrs Joan Collin, a teacher and magistrate, and member of the SDP's Welsh steering committee; Mr Eric Owen, a Wrexham-based barrister and former Plaid Cymru parliamentary candidate; Mr Keith Evans, once a Manchester

Labour councillor who has moved over to the SDP, and Mr Gwynnor Jones, Labour MP for Carmarthen between 1970 and 1974 and at one time parliamentary private secretary to Mr Roy Jenkins.

Mr Morgan was head of the Labour Party's international department ten years ago and was the leading candidate to succeed Sir Harry Nicholas as Labour's general secretary.

In the event the post went to Mr Roy Hayward on the casting vote of Mr Tony Benn who was opposed to Mr Morgan's pro-EEC stance.

Subsequently, Mr Morgan went to Brussels as chief aide to Mr Morgan Thomson, the first Labour-nominated EEC commissioner, and later established the EEC representation in Cardiff.

In 1979 he sought unsuccessfully the Labour nomination for the South-East Wales seat in the European Parliament. For the past three years he has served in the European Commission office in Canada.

The other main political parties have already chosen their candidates for the by-election caused by the death this month of Mr Ifor Davies, Labour MP for Gower since 1959. Mr Davies had a majority of 10,641 at the 1979 general election.

Terms of Barbican dispute settlement disclosed

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE TERMS on which legal disputes between the City of London Corporation and the Barbican architects were settled last month were disclosed yesterday.

The architects, Chamberlin, Powell and Bon (Barbican), agreed to forego fees and interest totalling £550,000 and the corporation acknowledged that the architects made no admission of liability in respect of any of the claims made by the appellants.

His attack on CND came during a row over material about the current United Nations Special Session on Disarmament, being sent to schools by the Foreign Office.

The material has been attacked for being so biased that it is propaganda. The Labour-controlled Inner London Education Authority has protested that packs went to its schools without its approval—a contravention of its regulations.

The architects countered with a claim for unpaid fees in respect of the residential and

arts centre phases of the redevelopment.

UK NEWS

Conoco cuts price of Jet petrol by 1p per gallon

BY RICHARD JOHNS

CONOCO announced a 1p reduction in its petrol price from yesterday as other major oil companies followed Mobil's lead by increasing prices by nearly 9p a gallon from mid-night tomorrow.

Conoco's Jet brand will be 10p cheaper for a few days, next week than those of Shell, Exxon, BP and Mobil, before it almost inevitably follows suit.

Mr H. K. Bowden, chairman and managing director of Conoco, said the company would keep its marginal edge but would follow the general trend "if the industry as a whole moved."

In practice, Conoco will charge 176.17p per gallon for Jet petrol which is sold in about 1,000 retail outlets. This compares with the 178p charged by other companies.

"If other companies are unwise enough to follow, we will

keep going down until they recognise our intention of remaining below them," Mr Bowden said.

BP Oil reacted with seeming astonishment and indignation to Conoco's competitive ploy. A company official said: "We are frankly surprised at the move because even with prices at 178p per gallon, petrol is not economically priced."

Last year, BP Oil lost £126m in its operations and a further £24m in the first quarter. The 9p per gallon price increase was to reduce losses and to cover the recent increases of \$2.50 per barrel to \$33.50 for North Sea crude decided by the British National Oil Corporation, the company said.

Mr Bowden made it clear he did not envisage a return to price warfare at the pumps, but he said that "if others follow we will do our best to stay

below them."

Conoco said it derived a competitive edge from its Humber Refinery, which it claims is the most efficient in the UK. The company, a subsidiary of Continental Oil based in Delaware, U.S., does not publish results, but Mr Bowden said profits were between £67m and £68m on refining and marketing.

Earnings in the first quarter of this year had not been as high as in the same period last year, Mr Bowden said. The company did not regard the return on its operations as adequate, he added.

The aim of the price cut was not to increase the company's market share of about 5 per cent, but to sell more petrol through fewer retail outlets. Conoco was engaged in a programme of reducing the total number of outlets by closing the less profitable ones.

Receiver announces redundancy for 48 employees at Hesketh

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ABOUT HALF the employees at Hesketh Motorcycles which went into the receiver and manager's hands earlier this week, were told yesterday they were redundant.

However, after meeting the 40 dealers who distribute the Hesketh V1000 "superbike" Mr Philip Baldwin of Price Waterhouse, the joint receiver and manager, said he hoped to continue limited production.

The dealers told Mr Baldwin the could sell about five of a week of the V1000s, launched only last February. Production will be reduced to this level.

This involves the workforce at the Daventry assembly plant being cut immediately from 50 to 27 and at Oldham, where some components are made, from 35 to 10.

Mr Baldwin will start talks

with a number of organisations who might be interested in taking over Hesketh.

The names I have so far suggested are serious inquiries and not just time-wasters. But I will not know how enthusiastic they are until I begin discussions," he said.

The dealers had expressed continuing enthusiasm for the V1000 motorcycle, but development was needed to adapt the machine to local technical standards in some export markets. "The receivers can't do this but a new owner could."

The 1,000 cc motorcycle, which sells for around £5,000, was the brainchild of Lord Hesketh who formed Hesketh Motorcycles in his Hesketh Racing group in 1977.

Shares in Hesketh were floated publicly under Stock Exchange rule 163 in September 1980 but suspended on May 28 at 22p each, which gave the company a market value of £629,240.

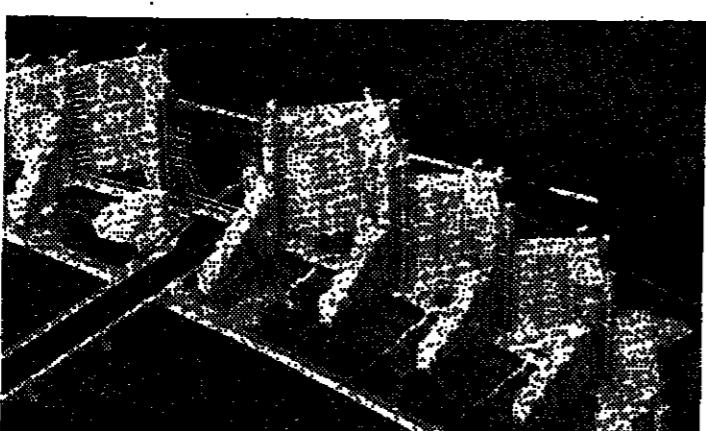
At their peak this year they changed hands at 55p.

Hesketh family interests retain 37 per cent of the company, reflecting the £500,000 Lord Hesketh invested in the early development of the V1000.

The Hesketh company opened merger talks with "two or three" British companies after the share suspension in May, but these came to nothing.

The mounting costs of launching the V1000 in Britain, exacerbated by a six-month delay in 1981, left the company insolvent by June 9.

Hesketh's directors immediately pressed Barclays Bank into appointing receivers, which did "reluctantly" on Monday this week.



Face of the Future—a riverside view of the £200m project, a competition organised by the Royal Institute of British Architects.

The development will occupy land on both sides of the southern end of Vauxhall Bridge. It is to be managed by Arunbridge on behalf of a consortium which is paying for the project.

Mr Heseltine has consistently supported the view that the separate sites which surround the southern end of Vauxhall Bridge should be treated as a single entity in terms of re-development. The position of the site and its importance to central London justified special consideration, according to the minister.

The developers have said that, given final approval, they would want to start on site as soon as possible.

Thamesside plan put to parliament

By Michael Cassell

A SPECIAL development order to pave the way for the controversial £200m development scheme on the south bank of the Thames at Vauxhall Bridge was yesterday laid before parliament.

Mr Michael Heseltine, Secretary for the Environment, laid the order which grants full planning permission for a mixed development of offices, housing, shops, recreational facilities, a river wall and riverside walk. The order now requires parliamentary approval.

The project involves more than 1m square feet of offices in six separate zigzag blocks, ranging in size from 71,000 sq ft to 320,000 sq ft. There will be open spaces, about 200 terraced apartments and 50,000 sq ft of shopping facilities.

The development order follows shortly on the announcement of the winning design, which came from Sebire Allsop and Mr Ted Happold, senior partner of RIBA Happold, consulting engineers. The design was picked from 128 entrants in

a competition organised by the Royal Institute of British Architects.

The development will occupy land on both sides of the southern end of Vauxhall Bridge. It is to be managed by Arunbridge on behalf of a consortium which is paying for the project.

Last month, Mr Heseltine announced his acceptance of the winning scheme and said he intended to make the development order, which cuts short the planning process.

The minister said he was not imposing his personal taste in making the order, but was putting forward a proposal tested

Telecom plea for flexible broadband cable system

BY GUY DE JONQUIERES

BRITAIN would lose a major opportunity to strengthen its information technology industries if it installed new broadband cable systems which could distribute only entertainment television, Sir George Jefferson, chairman of British Telecom (BT), said yesterday.

Though cable television would provide much of the initial incentive for investing in broadband networks, these must also be designed to carry a wide range of future communications services to private houses.

"The nation cannot afford to install another set of broadband networks when public demand for two-way broadband telecommunications and interactive information services becomes

Deliveries of furniture fall

By James McDonald

DOMESTIC FURNITURE deliveries by British manufacturers in the first four months of this year were considerably below the depressed levels of a year before, according to Industry Department statistics in the latest issue of British Business, the Trade and Industry department's official journal.

Deliveries in April were provisionally estimated, at current prices, to be worth £69.6m, compared with £84.8m in March, and £79m in April last year.

The average of the seasonally-adjusted index (1975=100) for the first four months at 72.5 was 19 per cent lower than in the same four months a year before.

The index for the industry's order book in April was 40, about 15 per cent down on April 1981.

The material states that the union "has already honoured its obligations in the 1981 productivity understandings." BR does not accept this.

Continuing, the union's attacks on the Associated Society of Locomotive Engineers and Firemen (Aslef), which is opposed to BR's plan to bring in more flexible work rostering, the NUR paper says of the link of pay and productivity:

"The effect of the condition laid down by the BRB is to penalise the NUR, representing the vast majority of the workforce, who have honoured the agreement, because of the negative attitude of Aslef, representing only a minority."

The NUR has about 180,000 members in BR. Aslef probably has about 24,000.

The NUR's criticism follows BR documents, already disclosed, on the six outstanding productivity items. BR insists that agreement on them must be secured by July 31, or the

new system would not have been fully in operation until about October, because the track is not ready.

The NUR document states: That the union "has made it clear that we will not agree to the removal of guards from passenger trains."

It has put forward instead a series of undisclosed proposals for the introduction of one-person operation on the line.

However, in a confidential letter to BR, the NUR states that, far from this being an agreement on the whole issue, the proposals

LABOUR

Denning rules that freedom to join any union should prevail

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE RIGHT of workers to join the trade union of their choice and not to be treated as pawns in inter-union disputes was asserted by Lord Denning in a powerful judgment in the Court of Appeal yesterday.

"Even though it should result in industrial chaos, nevertheless, the freedom of each man should prevail," he said.

"There comes a time in peace as in war—as recent events have shown—when a stand must be made on principle, whatever the consequences."

Workers' rights to choose the union they wanted to protect them was enshrined in the European Convention on Human Rights and should be upheld by the English courts, he said.

Lord Justice Denning said that the Bridlington Principles applied only to the two unions, not to the worker concerned, who had no voice in a dispute in which the unions fought for his body.

If someone had a right to join a trade union, they must also have a right not to be expelled from it, except for reasonable cause and in accordance with natural justice.

Lord Denning asked what good the right to join would be if there were a closed shop—he could be deprived of their livelihood.

Lord Denning's comments came when the court, by a majority—Lord Justice Donaldson dissenting—upheld a challenge by Mr Ernest Cheall to his expulsion from the Association of Professional and Executive Clerical and Computer Staff (Apex).

Nalgo would back Labour wages plan

BY IVO DAWNEY, LABOUR STAFF

THE GOVERNMENT will have to make substantial concessions if it wishes to resume talks with unions on the National Health Service staffs' pay claim. Mr Albert Spanswick, general secretary of the Confederation of Health Service Employees (Cohse),

the pay dispute that has already reduced up to 700 hospital posts to an accident and emergency service only through a series of one-day strikes and selective stoppages.

An attempt by Mr Peter Lowry, the chairman of the Advisory, Conciliation and Arbitration Service, to end three weeks of disruptive action.

Mr Spanswick, who is chairman of the TUC health services committee, told the Cohse conference in Bridlington that any future Labour Government that sought to introduce an incomes policy, provided the move was part of a comprehensive economic strategy.

The 800-strong union's annual conference at Brighton rejected a left-wing motion opposing any wage restraint, and instead approved an amendment giving qualified backing.

The amended motion, backed by the national executive and a substantial majority of the conference, said that incomes policies could be justified only within the framework of a planned economy incorporating all forms of income and price controls.

Mr Geoffrey Drain, the general secretary, told delegates that the plan for regular "national assessments" of the economy, now being debated by senior Labour and trade union leaders, included discussions on incomes.

The consultation process, it was hoped, would lead to agreement on the share of national resources available for incomes.

"Nobody is going to have wages restraint again. We have learnt from the dismal past. But a wider view has to be taken, and you cannot leave pay out of any economic assessment."

Mr Drain added that there would be room for collective bargaining within any policy proposed.

Mr Stewart Bates, a left-wing delegate from Stratclyde, said the proposals aimed at "planned wages control" but with no guarantees over control of prices, investment or the export of capital.

Mr Spanswick's statement came after Mr Norman Fowler, the Social Services Secretary, announced on Thursday night that he would shortly be seeking further talks with the unions.

There can be little hope, however, of an early settlement of the dispute.

Dockers to join TGWU

BY BRIAN GROOM, LABOUR STAFF

MEMBERS of Britain's last independent dock union have voted, by more than three to one in a ballot, to merge with their bitter rivals of former years, the Transport and General Workers' Union.

Falling membership has driven the National Amalgamated Stevedores' and Dockers' Union (NASDU) into a merger. It now has 950 members, excluding pensioners. Most of them are in London, but there

are a few in Hull, Liverpool and Manchester.

Battles with the TGWU over alleged poaching of members broke out in the mid-1950s when NASDU tried to establish itself outside London. Relations have been friendlier in recent years.

NASDU members will be transferred if no complaints are lodged with the ballot certification officer during the statutory six-weeks after notification of the result.

Joseph accepts 6% award for teachers

Sir Brian Groom, Labour Staff

Sir Keith Joseph, the Education Secretary, announced in the Commons yesterday that he is to accept an arbitration tribunal's recommendation of 6 per cent pay rises for the 440,000 teachers in England and Wales.

Education authorities agreed to arbitration only after teachers took industrial action over a 3.4 per cent pay rise.

The award takes the pay of an average teacher from £7,645 a year to £8,103. The average head teacher's pay rises from £11,462 to £12,150, and the small number of senior heads would earn more than £20,000.

Sir Keith also announced that he will implement an arbitration award on London allowances for 106,000 teachers, payable from April 1, 1981. The overall cost is £5.5m, or 9.8 per cent of the present London allowances bill.

The new allowances are: inner London, £534; outer London, £545; fringe area, £531.

Sir Keith's decisions were in written reply.

Esso workers call off disruptive action

PROCESSED workers at Esso's Fawley refinery, Hampshire, have voted to end three weeks of disruptive action and accept a 6 per cent pay offer on basic rates and allowances at their shop stewards' advice.

The 760 oil and chemical workers had been refusing to co-operate with new efficiency measures being implemented as part of a recent productivity deal.

STAFF at Commercial Union Assurance have increased their pay claim from 3.5 to 10.5 per cent after the company insisted on referring disagreement over its 7.5 per cent offer to arbitration.

The Commercial Union Group Staff Association had cut its original 12 per cent claim to 3.5 per cent in the hope of a quick settlement.

CU staff increase their pay claim

STAFF at Commercial Union Assurance have increased their pay claim from 3.5 to 10.5 per cent after the company insisted on referring disagreement over its 7.5 per cent offer to arbitration.

The Commercial Union Group Staff Association had cut its original 12 per cent claim to 3.5 per cent in the hope of a quick settlement.

Call to strengthen safety at work law

MR Greville Janner, Labour MP for Leicester West, yesterday called on the Lord Chancellor to press for stiffer penalties for employers found guilty of negligence over health and safety legislation.

"It's ridiculous that you can go to prison for killing someone on the road but an employer will only get a small fine if an employee is killed on his premises because of faulty machinery," he said.

Proposal to move NUM headquarters

Mr Peter Heathfield, secretary of the Derbyshire miners, yesterday backed a proposal that the National Union of Mineworkers' headquarters should move from London nearer to one of the main coalfields. It will be debated at the union's annual conference next month.

The

Joy Go 150

THE WEEK IN THE MARKETS

Not many flags put out

The markets made some show of victory patriotism. But the celebration—as measured in terms of the FT 30-Share Index—could only run to a gain of 3.3 points for an hour on Tuesday morning. The week's fall was 26 points.

There were plenty of reasons for the markets to be slipping downwards: some merely technical others more fundamental. Hard on the good news from Port Stanley there came signs of yet another investment trust liquidation. In dreadful thin trading—which is giving stockbrokers a grisly nervous look—but had a depressing effect.

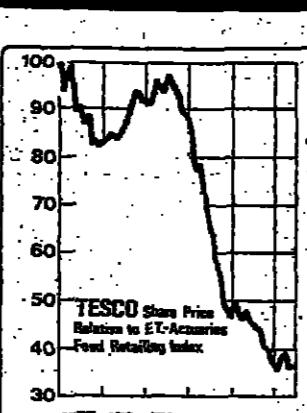
Economic indicators gave little reason for enthusiasm. Non-oil industrial output was actually 3 per cent lower in April than in March, and the RPI failed to register the expected fall. Gilt-edged have weakened under the familiar pressure from New York. The short tap stock, now two weeks old, still hangs as a reminder of funding to come.

Checking out Tesco

Full year figures from Tesco turned out to be one of the better surprises of the week. Ahead of Wednesday's announcement the consensus of City opinion was pointing to profits of £35m against £35.6m the year before. So broad smiles all round when Tesco revealed a 22.2 per cent jump to £42.7m pre-tax.

Admittedly much of the advance was thanks to property disposals which injected £46m of cash and allowed net borrowings to run down from £63m to under £40m clipping nearly £7m off financing costs.

At the trading level the profits picture looked a little less exciting with a £4.5m increase to £76m. Still, the underlying trend was a little better than that, as an extra £3m had been taken out above the line to cover the

LONDON
ONLOOKER

cost of installing electronic point of sale equipment.

Tesco was able to inch up gross margins, perhaps half a point, in the second half, which has given it enough elbow room to launch the price cutting "Checkout '82" campaign. Inevitably this will mean that the recent trend in gross margins will be reversed. And so far the campaign seems to be a fairly muted affair, especially judged against Tesco's previous Checkout operations launched to the blast of fanfares up and down the country.

At this stage it is impossible to gauge the full impact on profits from Checkout '82. Assuming a fairly neutral effect—and that can only be a guess—profits are expected to come out at around £47m to £50m. At any event, the City is pitching for a fair degree of growth this year.

The question now is whether the time is approaching for a re-rating. The shares have con-

sistently underperformed the market since 1979. Viewed from the City, Tesco's problems are conventionally set against the impressive achievements of Asda and Sainsbury. Yet in industry terms (just think of the dismal performance of International Stores tucked away within BAT's group figures) Tesco is nowhere near as bad as it is painted.

A prospective earnings multiple of under 10 is substantially less than the sector overall. Backed by an above average yield and a CCA net asset value of around 140p a share (L.M. Messel's estimate) a case can be made for the shares. Even if the re-rating proves to be some way off the downside risk must be very limited.

Plastic portfolios

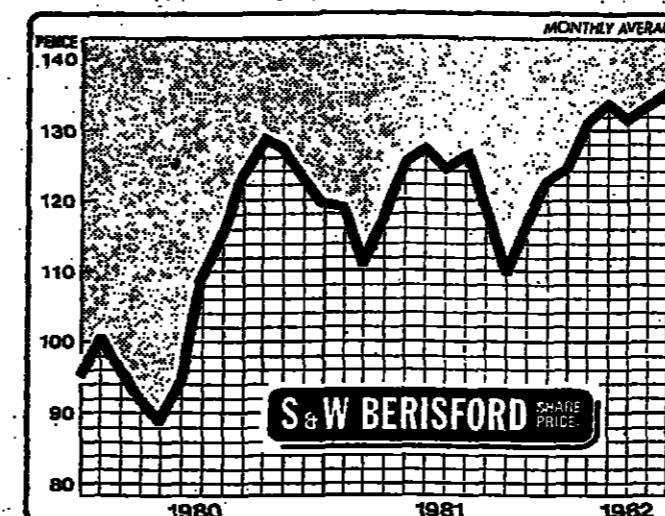
The plastics industry of Western Europe is a chronic disaster zone. Vast overcapacity in base petrochemicals and the major community plastics materials—including PVC and polystyrene—has been dragging the industry into a correspondingly huge collective loss. ICI currently estimates that the total loss is running at around £100m a month, nobody is making any money out of commodity plastics.

Certainly not ICI, which lost £55m in 1981 on petrochemicals and plastics sales of £1.7bn. Still less BP Chemicals, which lost £194m last year, moving deeper into loss in the first quarter of 1982 when its deficit had already reached £46m.

On Thursday, BP and ICI took what may be only the first step in a European rationalisation.

In a restructuring deal which they hope to complete this summer the two groups have agreed to close some elderly polyethylene and PVC plants and to swap the remaining businesses.

BP will stop making PVC and ICI will give up producing poly-



Eye of the storm

NEW YORK
RICHARD LAMBERT

THE UPWARD pressure on U.S. interest rates has dominated the world's financial markets this week—and Wall Street has been in the eye of the storm. The bond market has been in terrible shape, and has pulled share prices down in its trail.

The company has revised its forecasts for the production of heavy duty trucks in North America this year down to little more than 80,000, compared with 108,000 in 1981 and 184,000 in 1979. If it is right, the year's total would be nearly 15 per cent below the level touched during the trough of the 1975 recession.

The company has a cyclical earnings record, and faces a heavy programme of capital spending in the next couple of years. However, it also has enormous strengths. It has a sound balance sheet, and supplied just over 53 per cent of the diesel engines for the North American heavy duty truck market in the first quarter of this year, up from a low point of 43.9 per cent in the second quarter of 1979.

YOUR SAVINGS AND INVESTMENTS - 1

Obstacles to right of way

I have a prior-dated title deed of right of way over a neighbour's land, and for all purposes, eg walking and for my car. The plan attached to my deeds shows clearly the extent of my legal right of way, but the neighbour persistently puts moveable obstacles of one kind or another on my right of way to deter and prevent me from using it. On one occasion he blocked it completely. I have requested him by word of mouth to cease his unlawful interference with my legal right of way. I have also written to him in the same strain, but to no avail. Could you please tell me if I could serve a writ on him to stop his interference?

You can claim an injunction to restrain interference with your right of way, and would have to issue a writ in the High Court or a plaint in the County Court in order to obtain the requisite court order. You would be wise to consult a Solicitor for that purpose.

Declaration of trust

I am a married woman with two children. The property we live in must now be worth anything between £50,000 to £60,000. The only mortgage outstanding on this property is one for £2,000 which was a further mortgage we took out for some improvements. The original mortgage was taken out as an option mortgage, and all the property and land is in my husband's name only. He tells me that because it is an option mortgage there is no way that the property can be put into both our names until the mortgage is paid off. I cannot get my husband to make a will, and what I want to know is what would my position be financially in the event of him pre-deceasing me?

There is no reason why your husband should not execute a declaration of trust providing that he holds the beneficial interest in the property, subject to the mortgage, on trust for himself and you as joint tenants.

Evidence of a former owner

As a Women's Institute we supposed that we owned our own hall, but doubt has now been thrown on this. We know that in 1919 a Miss H.S. gave the hall to "the women of this village" but there is absolutely no

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

record of this either in the parish records or the local newspapers. There is one photograph in one local paper, but no story, and a stone plaque in the hall itself. The building is on Church land for which we have paid a peppercorn rent for many years.

The Anglican Diocese concerned is selling off its unwanted buildings and their solicitors would like to claim our hall. Our own solicitor, during the past two years, has been unable to prove ownership, and in any case we cannot pay large fees. Can you suggest how we can help ourselves to track down the true records of planning permission, rateable values, insurances etc. dating back to 1919? Someone must have been responsible for paying services.

It would be necessary to trace the documentary evidence of the donor's gift. If it was done by a search in the Probate Registry in the relevant year or years. If the gift was made during the donor's lifetime it is far more difficult if the conveyance or lease has been lost. It is eminently desirable to have expert legal advice and assistance. Unfortunately local records in 1919 and the 1920s will almost certainly not assist even if they are still available. You should try to enlist someone to conduct legal research on an honorary basis.

Self-help and a settlement

I shall shortly be retiring from government service abroad and returning to England on retirement. Last year after some years of separation, I obtained a divorce and was very dissatisfied with the service I got from the solicitors and barrister involved. I consider I was unfairly treated as to the matrimonial home and when I come to retire, my resources will be severely strained. In these circumstances, can I apply for a variation of the terms of the settlement directly to the Court Registrar? Can I be advised by yourselves? Do I once again have to employ a solicitor?

You can make your own application for a variation of the terms of the settlement directly to the Court Registrar? Can I be advised by yourselves? Do I once again have to employ a solicitor?

BUILDING SOCIETY RATES

	Deposit %	Share %	Subpn accounts %	Term shares %
Abbey National	8.50	8.75	10.00	10.75
Aid to Thrift	9.55	9.80	—	—
Alliance	8.50	8.75	10.00	10.75
Anglia	8.50	8.75	10.00	10.76
Bradford and Bingley	8.25	8.75	10.00	9.75
Bridgwater	8.50	8.75	10.25	10.75
Bristol Economic	8.50	8.75	10.00	9.50
Britannia	8.50	8.75	10.00	10.75
Burnley	8.50	8.75	10.00	10.75
Cardiff	8.50	8.75	10.25	9.50
Cardiff	—	10.00	—	—
Catholic	10.00	9.00	10.00	9.25
Chelsea	8.50	8.75	10.00	10.00
Cheltenham and Gloucester	8.50	8.75	10.00	—
Cheltenham and Gloucester	—	9.75	—	—
City of London ('The')	8.75	9.10	10.25	10.25
Coventry Economic	8.50	8.75	10.25	10.50
Derbyshire	8.50	8.75	10.00	9.25
Ealing and Acton	8.50	9.25	—	9.90
Gateway	8.50	8.75	10.00	10.75
Gateway	—	9.75	—	—
Guardian	8.50	9.00	—	10.75
Hatfield	8.50	8.75	10.00	10.75
Heart of England	8.50	8.75	10.50	—
Hearts of Oak and Enfield	8.50	9.00	10.50	10.75
Hendon	9.00	9.75	—	10.50
Lambeth	8.50	9.00	10.50	11.00
Leamington Spa	8.60	8.85	11.93	10.35
Leeds and Harrogate	8.50	8.75	10.50	5 yrs. 9.75 1 mth. inf. penalty
Leeds Permanent	8.50	8.75	10.00	10.75
Leicester	8.50	8.75	10.00	10.75
London Grosvenor	8.00	9.25	11.00	9.75
Midshires	8.50	8.75	10.00	10.25
Mornington	9.30	9.20	—	—
National Counties	8.75	9.05	10.05	9.75
Nationwide	8.50	8.75	10.00	10.75
Newcastle	8.50	8.75	10.00	10.75
New Cross	9.50	9.75	—	9.75
Northern Rock	8.50	8.75	10.00	10.75
Norwich	8.50	8.75	10.25	9.75
Paddington	8.25	9.25	10.75	10.25
Peckham Mutual	8.25	9.50	—	10.00
Portsmouth	8.85	9.05	10.55	11.10
Property Owners	8.75	9.25	10.75	10.75
Provincial	8.50	8.75	10.00	10.75
Skipton	8.50	8.75	10.00	9.85
Sussex County	8.75	9.00	11.25	10.00
Sussex Mutual	8.75	9.25	10.75	9.50
Town and Country	8.50	8.75	10.00	11.00
Wessex	8.75	9.20	—	90 days (int. loss), 9.75 immed. access (int. loss) or 28 days, not 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Woolwich	8.50	8.75	10.00	10.75
Yorkshire	8.50	8.75	10.00	10.25
Formerly Huddersfield & Bradford and West Yorkshire	—	—	—	9.25 2 yrs., 10.00 Golden key 28 days' penalty interest

* Rates normally variable in line with changes in ordinary share rates.
All these rates are after basic rate tax liability has been settled on behalf of the investor.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Eric Short reports on the battle over building society borrowers' insurance rights

Where freedom can cost more money

THAT WAS the week that was for the building society movement. The British Insurance Brokers' Association accused building societies of denying borrowers the basic right of selecting their own insurance broker and their own insurance.

The newly knighted Sir Gordon Borrie, Director-General of Fair Trading pre-empted BIBA by securing this right from Britain's largest building society, the Halifax. And a row has broken out within the movement over the legality of Alliance's proposed index-linked certificate.

Insurance brokers have been dissatisfied for years over the present arrangements whereby borrowers insure their houses against fires and other perils. Building societies have a legal entitlement to undertake the fire insurance of the property on behalf of the borrower. Since the house is security for the mortgage, the society needs to ensure that it is fully insured against fire and other perils. The easiest way of doing this is for the society to arrange the insurance itself and collect the premium from the borrower.

Building societies in recent years have developed the insurance arrangements through a block contract from leading insurance companies. Under such arrangements, the building society handles all the administration necessary for house buildings insurance, with the insurance company doing the underwriting. The societies receive commission ranging from 40 to 55 per cent.

Brokers have protested against this arrangement of denying borrowers the freedom of choice to seek advice and renewals (exterior), all possible costs for which to be charged to the lessees. The agents are of no practical use whatever and it seems wrong in principle to receive commission on costs they initiate. For instance, outside painting has risen since 1975 from £3,000 to £6,000 but the agents have increased their fee from 5 per cent to 10 per cent without explanation. They have also introduced a charge of 10 per cent on VAT which seems inadmissible. Is there any protection against the above state of affairs, putting a heavy burden on the lessees?

You may be able to invoke the provisions of Section 136 of the Housing Act 1980 and the 19th Schedule thereto, under which the services supplied are required to be reasonable. It would be necessary to conduct a careful review of the charges in order to ascertain whether a challenge under the statutory provisions would succeed.

First, to qualify for this reduced rate, the building must be a standard construction, that is built of brick or stone with a premium covered in the 10p rate. It is relying on local knowledge to play an important part in assessing the risk.

Secondly, the rate will only apply to houses in areas not sub-

ject to a risk of flooding or subsidence or both.

On this feature, Zurich have well-defined areas regarded as flood or subsidence risks—areas such as the Thames Valley, York and the East Coast for flooding and areas abounding with quarries or old mine working, such as County Durham, for subsidence.

The company emphasises that a house in York or in a mining village in Durham will not be automatically excluded from the 10p rate. The area simply alerts the company to get local information on whether the house is in an area that has a history of flooding or built on top or near old mining workings.

Householders have been conditioned to live with steadily rising insurance premiums. The UK insurance industry lifted its premium rates for households from 12p to 10p per cent as recently as two years ago. So what is the catch behind Zurich's reduction?

Zurich bases its reduced rate on its claims experience. It emphasises that the two perils of subsidence and flooding are fully covered in the 10p rate. It is relying on local knowledge to play an important part in assessing the risk.

The reaction from the rest of the UK household insurance market is one of amazement and incredulity. They claim that no insurance company could underwrite profitably on a 10p rate, even if flooding and subsidence were completely excluded from the cover.

Zurich, however, emphasises that it has based its rating on experience and by carefully controlling the underwriting can offer insurance at a cheaper rate than normal.

Mr Peter Hemingway,

chief general manager of the Leeds Permanent Building Society, when asked at a Press conference this week if his society would be marketing a similar product, expressed his doubts over the legality and the wisdom of such a launch. He took the view that the role of a building society, as laid down in the Building Society Act, was to raise finance for mortgages; not

to specifically invest in index-linked gilt stocks.

The building societies' watchdog is Mr Michael Bridgeman, Chief Registrar of Friendly Societies, a comparative newcomer to the post. He confirmed that there were some legal doubts over Alliance's new product and that building societies could only do what the Building Societies Act provided.

He confirmed that these doubts were being discussed with Alliance and he hoped to resolve them before Alliance got to the time of launch. The ball is now in the Registrar's court.

But brokers are arguing more about principles, since in practice building insurance contracts, in contrast to contents insurance, are more or less standard regarding cover and premiums.

The Office of Fair Trading also regards the principle of freedom of choice for the consumer to be of paramount importance. Its negotiation with the Building Societies Association secured in 1978 an agreement in principle that borrowers should have some choice of insurer and insurance contractor.

Many societies drew up lists of acceptable insurance companies. Last year the OFT required a change in the model

terms would have to rise by 4 per cent if the commission payments were stopped.

BIBA disputes this assertion, claiming that the banks in their mortgage lending offer competitive interest rates without the benefit of large commission payments.

The BSA also contend that most of its members will allow individual borrowers to make their own insurance arrangements providing they pay the necessary fees to cover the extra administration expenses incurred by the society.

The reply of the building societies is the practical one that freedom costs the individual money. The commission is used to offset the mortgage interest paid by the borrower. The societies estimate that interest

check that the insurance is adequate and would keep the societies fully informed.

Sir Gordon meanwhile has not been idle. He prefers negotiation to legal threats and his objective is to pick off the societies one by one and persuade them to implement the agreements with the BSA.

This week he announced that the Halifax has agreed to both new and existing borrowers being able from August to arrange their own insurance. But such borrowers will have to bear a fee at outset of £12.50 +£7.50 administration charge plus 25% contingency insurance premium against the insurance policy somehow failing to meet the requirements if a claim arises.

BIBA has welcomed this move by the Halifax though still dis-

puting the need for any charge. So what happens now? Peter Hemingway, chief general manager of the Leeds Permanent Building Society, told a questioner at a Press conference this week that other societies would have to fall in line in due course with the Halifax.

For the vast majority of borrowers, the argument will seem like a storm in a teacup, since they will still use the present building society arrangements. Only those borrowers with an insurance broker or those able to receive part of the commission are likely to exercise this freedom. But this could change overnight if a premium war breaks out between insurance companies—the first shots of which were fired this week and are discussed below.

Alliance's plan faces problems

THE ANNOUNCEMENT from Alliance Building Society last week that it would be launching an index-linked certificate, which was discussed in these columns last week, may have been premature.

Mr Peter Hemingway, chief general manager of the Leeds Permanent Building Society, when asked at a Press conference this week if his society would be marketing a similar product, expressed his doubts over the legality and the wisdom of such a launch. He took the view that the role of a building society, as laid down in the Building Society Act, was to raise finance for mortgages; not

to specifically invest in index-linked gilt stocks.

The building societies' watchdog is Mr Michael Bridgeman, Chief Registrar of Friendly Societies, a comparative newcomer to the post. He confirmed that there were some legal doubts over Alliance's new product and that building societies could only do what the Building Societies Act provided.

He confirmed that these doubts were being discussed with Alliance and he hoped to resolve them before Alliance got to the time of launch. The ball is now in the Registrar's court.

Top interest rates and a cheque book facility make a unique combination.

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YOUR SAVINGS AND INVESTMENTS-2

Christopher Cameron-Jones on a holiday problem

Studying the form book

THE Department of Health and Social Security is to spend £40,000 on a campaign to promote a massive bureaucratic exercise in form filling. British holidaymakers planning to visit Common Market countries are to be warned, in journals and broadcasts, of the risk of failing to arrange adequate medical cover for their trip and advised of their rights.

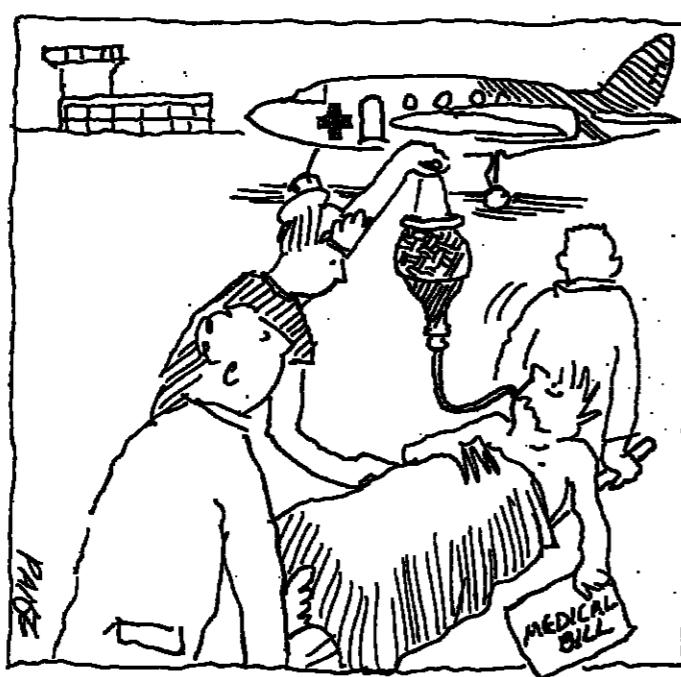
Essentially the message is a good one. The travel industry's history is littered with heart-breaking cases of holidaymakers receiving medical attention and then being presented with a bill that could buy a fleet of ambulances. Thanks to numerous reciprocal agreements for free, or partly free, medical care these cases are rare where European holidays are concerned. But even so, everyone is well advised to check exactly what arrangements apply to whatever country they are visiting, or merely passing through.

In the case of Russia — no beginner where red tape is concerned — one need only present a UK passport to be accepted for completely free hospital and other medical treatment, prescribed medicines and some dental treatment. In Poland an NHS medical card will suffice while in Romania a passport and medical card or driving licence will be required.

But be unfortunate enough to be incapacitated in a Common Market country without the strength to crawl over a non-EEC border and you will need form E111.

You can obtain form E111 by filling in form CM1 which is attached to the back of leaflet SA30/S2, and sending it to the DHSS, preferably from one to six months before going abroad. If you fail to do this before you leave then contact the local health insurance authorities in the EEC country where you need treatment. They can obtain form E111 by obtaining Form E107 and sending it to the DHSS Overseas Branch at Newcastle-upon-Tyne. All quite straightforward!

However if you have the misfortune to be in France — the country that so successfully stopped the British bureaucratic machine getting involved with the EEC bureaucratic machine for so long — there is a chance that the hospital you are taken to will not accept E111 and you will have to pay up... or hire a taxi to take



you over the nearest border. The good news from the DHSS is that free or reduced cost medical treatment in a Community country, which was formerly only available to employees, pensioners and their families, is being extended to self-employed and non-employed people and their families, making a further 5m people eligible.

Since the last publicity campaign in 1979 the number of E111 forms distributed has risen from 250,000 to over 1m a year. This figure is expected to double as a result of the latest campaign.

The Department has produced a range of brighter, simplified leaflets which explain about the costs and availability of medical treatment abroad and steps the traveller can take to protect his or her health. (Leaflet SA 35). This information is also being put on to Prestel, the viewdata system to which over half the ABTA travel agents, and some doctors, have access. This will enable intending travellers to check immediately if any vaccinations are required and what protection may be advisable.

At the end of the day, when it comes to medical treatment the department is careful to emphasise that though reciprocal medical agreements

may cover many eventualities, everyone should take out enough travel insurance to cover any substantial expenses that cannot be reimbursed by the authorities.

Most insurance companies take the view that for cost and practical purposes it is better to fly a patient back to a hospital in the UK for treatment, so many policies will cover the cost of an ambulance plane.

However extensive your particular holiday insurance cover, if only to keep the bureaucrats happy, it is wise to obtain form E111 if visiting Belgium, France, West Germany, Greece, Italy or the Netherlands. According to the DHSS no documents are required in the Irish Republic or even the Isle of Man!

Anyone normally living in the UK who is a national of an EEC country, a stateless person or a refugee, can apply to Lloyd's, whose dependents will be covered by the form whatever their nationality and even if you do not travel with them abroad.

In any event holiday medical cover is something you must do something about before you leave home. Bartering is not a strong point with Britons and haggling over the cost of medical treatment while in pain on a stretcher is beyond most people.

Finding the right investment manager

IF YOU DO NOT have the time or expertise to manage your own money, you may decide to go to an investment manager instead. However, the recent spate of highly publicised collapses of investment management companies has left a sour taste in the mouths of many and a hole in the pockets of quite a few.

Obviously there is no way one can be 100 per cent sure the investment managers you pick won't run off with your money but it pays to try to minimise the risk of fraud by asking questions before you hand over your hard-earned cash.

Before you even step outside your front door in quest of an investment manager decide how much money you wish to invest and what your aims and objectives are. Many people underestimate their need for cash and tend to tie up too large a proportion of their funds in illiquid forms.

Having decided how much spare cash you wish to invest and the return you are looking for, try to find an investment manager whose approach and philosophy are in tune with your own needs and ideas.

Although personal recommendation is often a good means of finding an investment manager don't let the enigma of a particular company lull you into a false sense of security.

Before you hand your money

over to anyone make sure you are satisfied in your own mind about the ethical standing and financial expertise of the managers who will be running your portfolio. Anyone making extravagant claims should be automatically regarded as suspect.

Try to find out something about the company's track record, and not just from the satisfied clients it might wheel out to impress you. Get a copy of the company's report and accounts. This will give details of its directors and the company's financial position. If it has not filed an up-to-date set of accounts this should be treated as a red light. A company that cannot manage its own affairs efficiently and responsibly is not one which you will wish to look after your money.

So far so good. The company has passed the initial hurdles and you find yourself eyeball to eyeball with the managing director who is doing his best to impress you. First, check that the company has a standard management agreement which lays out its services and obligations. Don't be fobbed off with excuses about such agreements being unnecessary.

So what should you look out for in the management agreement? First it ought to make clear the terms under which you are giving the company your money to manage. In practice

there is usually no such thing as total discretion — i.e. the ability of the manager to invest your money in any venture they choose. In most cases a list of types of suitable investments will be included in the agreement. Check that this list meets your approval.

Next find out how often the managers report to clients. Usually clients are informed twice yearly or quarterly. You may wish to be kept more frequently informed. Speaking of being informed, another crucial question to settle in advance is whether and when you will get copies of contracts of all transactions. This is a good way of monitoring the investment manager's progress.

How much will this service cost you? Ensure you know exactly how the manager's fees are worked out and whether these are paid in advance. Another point worth remembering is to find out whether there are any circumstances in which it would be cheaper to deal personally rather than through a manager. Some investment managers charge commission, for example, on the sale of unit trusts.

If despite your careful checking the managers don't come up to scratch or you need the money in a hurry, how long will it take you to get your cash back? This varies considerably

and at least one company will curtail the contract straight

away while reserving the right to complete transactions under-way.

Moving to the nitty-gritty questions of security, we come to a virtual quagmire into which even the most sophisticated investor may be swallowed up. First, would-be customers should ask about the company's internal security systems. A separate clients' account which cannot be used by the company to fund its own ventures is essential. Unfortunately there are clients' accounts and clients' accounts. Only detailed questioning and perhaps a chat with the managers' bank can elicit how separate the clients' money is kept from the company's.

It is extremely likely that the managers will invest some of your funds in the stock market. If the managers are licensed security dealers they may buy shares and later allocate them to clients. It is virtually impossible to check whether this is going on, but a few hard questions on the subject will not go amiss.

Talking of stocks and shares, several companies hold stock in nominee names on behalf of customers. Again it is worth making sure the managers cannot have access to this stock. It is also advisable to discover where the stock is held.

You may also like to ask what happens to deposit while others make arrangements on uninvested cash.

Some managers regard this interest as one of their perks, merits for it to accrue to the client.

If you are still talking to the investment manager by this stage, now is the time to find out what external controls, if any are placed on the company's freedom of action. Does the company have indemnity insurance? If not, and you sue for negligence you are unlikely to come away with a sizeable sum as the process is likely to have bankrupted the company.

Last but by no means least, you need to be reassured that the information the company gives you about your affairs tallies with reality. In some cases a formal agreement with the group's bankers may insure that the information supplied to clients is reliable while in others some special form of audit of clients' accounts may be produced.

Obviously there is no single safeguard which can ensure your money will not be embezzled and ultimately there is no way of stopping fraud. However, you can minimise the risks and a little careful investigation and questioning should help you sleep sounder at night. After all investment per se is risky so you don't want to lengthen the odds unnecessarily against coming away with a profit.

Rosemary Burr

Telescope on Lloyd's

BUSINESS IS boozing at Lloyd's, the insurance market. Or is it? An enterprising survey, published this week, shows a series of widely varying trends which has caused a certain amount of controversy in insurance circles.

The survey has been prepared by an independent company, Chatset, on behalf of a group of underwriting members at Lloyd's, who are promoting an association of Members of Lloyd's, which will protect their interests.

It is their second major attempt to look at the performance of underwriting syndicates, the groups into which all members of Lloyd's are grouped. The exercise, as usual, caused the coffee cups to rattle in the Captain's Room at Lloyd's among the establishment of Lloyd's which has argued that this sort of thing cannot and should not be done.

Whatever the objections to league tables of performance analysis, the latest trends in the current survey are intriguing.

They argue that various business assumptions made on one underwriting syndicate may not be comparable with those on another. Comparison is dangerous. Those arguing for full disclosure of syndicate results say that the objections to the survey are that the objections to the survey of underwriting agents, the units which look after Lloyd's members' affairs, is an attempt to hide the bad performance of underwriting syndicates and to keep Lloyd's members on bad syndicates in ignorance.

Business volumes have risen in all classes of insurance. On the basis of the survey carried out the underwriting members reckon that insurance premiums at Lloyd's will have risen from £2.1bn in the 1978 underwriting year to around £2.5bn to £2.7bn in 1979.

But the marine market is likely to show a deterioration in the underwriting results. The survey says the underwriting result—the difference between premiums and claims—shows a decline from a profit to a loss and it is only with the help of increased investment income and capital appreciation that the decline in the total result is held to 16 per cent.

But the average payout to underwriting members on marine syndicates is tumbling quite dramatically. The reason for this, argues the survey organisers, is that even though underwriting trends may be turning down new members are still being recruited for the market. They have to be placed on underwriting syndicates in which they take a share of the profits. What has happened is that there are more members sharing declining profitability.

The average payout, if a Lloyd's underwriting member had had £10,000 of insurance business accepted on his behalf, is likely to be £513 compared with £517 in the previous year.

Even the best performing marine syndicate in the survey is showing a reduction in its payout to the participating underwriting members. They would be receiving cheques of £1,641 for every £10,000 of business accepted on their behalf compared with £1,905 in the previous underwriting year.

General insurance business —

the non-marine market, often less profitable than the marine market — showed an improvement in underwriting results overcapacity on the syndicates held back the average level of cheque payouts. On each £10,000 of business they had underwritten, underwriting members would be receiving an average cheque of £824 in the previous year.

The aviation market, recovering from a poor trading period, has managed to reduce its losses. But it is in the motor market where Lloyd's underwriters have shown good gains. Premium income is ahead just 1% per cent, but the average cheque payout has risen from £633, on a line of business accepted of £10,000, to £617.

The lessons to be drawn from the survey are that underwriting members should shop around to find the best performing syndicates.

John Moore

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YOUR SAVINGS AND INVESTMENTS—3

Rosemary Burr reports on a service for credit card holders

An ace in the plastic pack

MOST PEOPLE do not realise the value of the pieces of plastic in their wallet until they lose them. Once in the wrong hands, your credit cards can be used to finance spending sprees of truly alarming proportions.

A new service for card holders is now available from Card Protection Plan, a small private company which is independent of the card issuers. The type of facility they give cardholders is similar to those available in the U.S. where multiple cardholders are the rule rather than the exception. The recent boom in credit cards from retail stores has helped to make Card Protection Plan's services attractive to more people here.

Basically, Card Protection Plan (CPP) offers what it calls a "registration, notification and security" service. Subscribers provide the company with a list of all the cards they hold, including bank credit cards, cheque guarantee cards, cash dispenser cards, and store account cards. In this way CPP keeps a confidential file containing the numbers, and where necessary, bank codes denoting the issuing branch.

Then in the event of loss or theft, one call to CPP's 24-hour telephone line will ensure the cardholders' peace of mind. For CPP will take over the burden of informing the card issuers of loss, an essential prerequisite if you the cardholder are not to find yourself lumbered with bills run up through fraudulent misuse of your card.

Most of the major card issuers such as Barclaycard and Access rarely present the holder with bills run up by a thief but some of the smaller retail outlets may, so in addition CPP provides insurance cover of £250.

CPP will also write to the card insurers if you change your address. Cards being sent to the wrong address and subsequently failing into dishonest hands represents a big source of loss at present.

These are the main services offered by CPP but in addition the company provides tags for luggage or keys. If either article is lost, anyone finding them can ring CPP who will contact the customer and arrange for the return of the goods. The advantage is that if keys, for example, are picked up by someone whose intentions are far from honourable, then no clue will have been given of the owners' home address.

CPP advises customers to

keep their chequebook separate from their cheque guarantee card and to make sure credit cards are held "close to your person." It also warns against against writing down the personal key code needed to activate your cash dispenser card in an obvious place such as a diary. If you have a poor memory and make a note of this number do remember to carry it in a different case or wallet from your card. CPP warns "if your key code is carried in the same place as your card most banks will not accept liability for any resulting loss and nor will CPP."

Obviously CPP's services are designed for busy people with more than one card. The product is particularly aimed at businessmen who travel widely, according to marketing manager Graham Townsend. The company has about 3,000 members who on average hold 8.4 cards each. The member with most cards has 57—enough to fill several wallets.

In recent months members of American Express Centurion Travel Service and Hertz Number One Club have been introduced to the service. CPP is currently having talks with British Airways Executive Club, Holiday Inn and Leicester Card. It hopes later to expand its facilities to include an emergency cash and travel service. This would include getting funds to members stranded in far away places or alternatively providing subscribers with a ticket home.

There is only one snag. The British clearing banks have responded coolly to the whole idea. Indeed Barclaycard is positively hostile, saying: "We do not support the introduction of middlemen in this way. We are not prepared to accept notification from a company of a cardholder's loss. It is vital we maintain contact with the customer." When asked what specific objections they had, Barclaycard mentioned delay in notification and inadequate information about the details surrounding the loss.

Access, in contrast, adopts a more neutral attitude, saying it would take appropriate action on being notified by a company such as CPP but would require confirmation from the cardholder. Needless to say CPP argues that its service is quicker than waiting for the average harassed cardholder to phone on credit card fraud, says "the



What is more, few card holders bother to keep the details of their cards in a safe place. CPP says "no issuer has refused to act on notification by CPP of lost or stolen cards."

The CPP customer who lost a Barclaycard was told that "confirmation" was needed in writing although "naturally, we do not just ignore messages received from third parties." In a letter to this customer, Barclaycard admits the bank has considered these type of schemes "recognising that they might be attractive to those of our customers who hold several different credit cards" but has concluded "for reasons of our own security, of additional efficiency, prevention and control of fraud and, above all, the ultimate convenience and protection of our cardholders, that we cannot lend them our support."

However, the clearing banks' stance is not so intransigent as this letter suggests. Jim Parsons, secretary to the clearing banks' cheque card committee which is keeping a watchful eye on credit card fraud, says "the committee has looked at this type of scheme several times and is due to look at it again in July." Judging from his comments the banks are rather unhappy about being told of a customer's change of address by a third party for security reasons although Parsons admitted it was in both the cardholders' and issuers' best interest that reports of loss or theft were notified as soon as possible.

Credit card notification and registration services are fairly common in the U.S. and it would be a pity if the British public were denied a similar service simply through shortsightedness on the part of the banks. The issue is unlikely simply to go away. This week American Express announced a new package which included a notification and cancellation of credit cards free of charge to holders of Amex travellers' cheques in Europe and the U.S. There is no good reason why the Channel should prove a barrier to this product being developed in Britain.

The other clearing bank's stance is not so intransigent as this letter suggests. Jim Parsons, secretary to the clearing banks' cheque card committee which is keeping a watchful eye on credit card fraud, says "the

INDEPENDENT SCHOOLING

FINANCIAL TIMES REPORT

Proposals which a future Labour government may enact have for long worried private schools. Now there is a new threat.

The clouds on the horizon

By MICHAEL DIXON · Education Correspondent

ANYONE WISHING to evoke all that is best about British independent schools could hardly do better than to picture them on a mid-June Saturday. But even if the skies above the playing fields are now clear as far as any pupils can see, many a head will be uneasy about the metaphorical presence of not one, but two small clouds on the horizon.

One which has been around for years and has come a good deal nearer than it is today without doing much real damage, represents the political threat to independent schooling from the Labour Party.

Its worst manifestation so far has been the Labour Government's attack in 1975 on about 200 semi-independent schools in Britain by withdrawing the grant they had received for reserving a proportion of their places for children sent by the State sector.

The grant withdrawal was meant to cause most of the semi-independent schools to merge with the State system of comprehensive schools. In the event, the move failed. Almost three quarters of the schools affected instead chose to go fully independent.

The cancelled grant has been resisted by the Conservative Government in a different form. An assisted places scheme has been instituted to provide means-tested aid towards the fees of academically able pupils accepted by the independent schools taking part in the scheme. The scheme now at least partly supports nearly 5,000 pupils, and its cost to the taxpayer is budgeted to reach £25m in 1984-85.

Since the figure in the budget is not sure to be turned into real money unless the Conservatives win the next general election, no school can count on it. Labour has long promised to end the assisted places scheme at the first possible moment and, in line with the leftward shift in the party, has worked out a network of positive financial, fiscal and legal measures intended to drive independent schooling out of Britain over a period of about 10 years.

The other cloud seems to be the more pressing threat. It appeared in the latest annual survey published by the Independent Schools Information Service. Although the survey covers only about half of the estimated 2,500 fee-charging schools in Britain, those included tend to be the major institutions. And the figures suggested an ominous turn of events between 1980 and 1981.

Previous surveys had indicated that despite political uncertainty and inflation combined with progressive income tax, the total attendance of the private sector had if anything been increasing. But the latest check suggested that total pupil numbers at the schools included had fallen by about 4,000 to 410,000, or by almost 1 per cent.

The loss evidently fell very largely on boarding schools,

reinforcing a tendency which



Boys and girls at St Bede's School in Eastbourne being taught the violin by the Suzuki method, the principles of which include starting children at a young age, "surrounding them with music," and involving their parents in the tuition.

support on the alliance between Liberals and Social Democrats, whose attitude is ambivalent.

While the political cloud remains on the horizon, major future developments in the way it is likely to develop are beyond the control of the schools.

Perhaps because of this, most of the schools seem to be doing little to express their political uneasiness in terms of action.

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had been going on since 1975. Then the independent sector had about two boarders for every day pupil, whereas the balance today is probably the other way round. The survival of numerous fee-charging schools has therefore depended importantly on their ability to increase day attendance so as to compensate for diminishing boarders.

But there are now signs that the day pupils' survival route is starting to close, particularly for schools beyond daily travel of large clusters of middle-class homes. For example, the impending closure of the St Peter's and St Wilfrid's preparatory schools at Seaford, Sussex, suggests that the supply of private education in that area is now too large for the market.

The same trend may explain the closure also, at the end of this term, of the Truro Cathedral choir school catering for pupils aged seven to 18.

Another way to counter the drift of British families away from boarding education—at least for independents with an established reputation abroad—is to increase intakes of foreign pupils. In this particular, the latest survey shows an ostensibly encouraging increase of 3,000 foreign children

commuting in from overseas.

Short of the election of a Labour Government able to put into practice its paper scheme to drive fee-charging education from the land, the most famous of the "public" schools would probably be safe. But their survival alone would hardly be sufficient for the independent sector to continue as an influential educational force. And whether that aim can be achieved would seem to depend not only on the school's internal housekeeping in their effort to keep down fees.

Equally decisive will be the political ability as individual and in concert to win increased support from the public in general, and from employer and the schools' immediate local communities in particular.

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INDEPENDENT SCHOOLS

Practical approach in jeopardy

"WE RUN the greatest danger of pricing ourselves out of existence," declared Mr John Kendall-Carpenter, headmaster of Wellington School in Somerset and chairman of the Boarding Schools' Association, at the BSA's conference a month ago.

Although the association covers state-maintained boarding institutions, which have a combined capacity of roughly 10,000 places for pupils who live in, Mr Kendall-Carpenter was of course referring only to the independents which together can accommodate about 130,000 boarders.

Two surveys of fees attended by pupils and last year, in the schools about 399,000 pupils below the age of 18,000 for our own sector, were carried out by the DfES. The survey showed that the average fee per pupil was £1,393 and the average fee per pupil was £1,325. Mr Kendall-

penter's criticism are still the rare exception even among the best known boarding institutions. The average fee for boarders worked out in January at £1,108 a term. Day fees at similarly ranked schools for older pupils, which also still cater mainly for boys, averaged £643 termly. Corresponding charges at the leading independent secondary schools for girls averaged £954 for boarders and £514 for day pupils, and at preparatory schools £311 for boarding and £498 for day attendance.

The less known schools which constitute the bulk of the independent sector are used to running fees which are often a good deal lower. For example, the least expensive boarding education identified by an Independent Schools Information Service's survey five months ago was priced lower than the highest day-attendance fee.

Moreover, unlike the famous few who can afford to restrict their intake to pupils of the highest academic aptitude, the majority are used to doing a sound educational job with children who, however strong their talents in other directions, have no outstanding potential for scholarship. It could well be the private sector's success, in the main, at finding other ways to equip the academically unpromising to make their way in later life, which mainly accounts for the sector's survival as a significant rather than marginal force.

Part of the explanation is no doubt that, by comparison with the state sector at large, the independents have been more able and concerned to preserve a traditional discipline in the sense of stressing each pupil's responsibility to the school's authority and community. But their dependence on parents' willingness to go on paying has also made them less inclined to concentrate on the most academically able pupils and supply all pupils with watered-down versions of scholarly

SCHOOL FEES

MICHAEL DIXON

Carpenter's thesis was that charges were being driven up needlessly because school heads were vying with one another in offering trendy facilities of dubious educational worth.

First it was language laboratories, then all-weather sports surfaces and now it was sports halls, the former Oxford University and England rugby forward said.

Even so, every head of a fee-charging school in danger of over-equipping itself out of business must be outnumbered about tenfold by heads who would dearly welcome the same opportunity. In the independent sector, as in most other places, there is a tendency for the wealthiest few to have little idea of how the rest of their world lives.

Annual fees of the level which spurred Mr Kendall-Carpenter



Pupils at work at Orley Farm School in Harrow

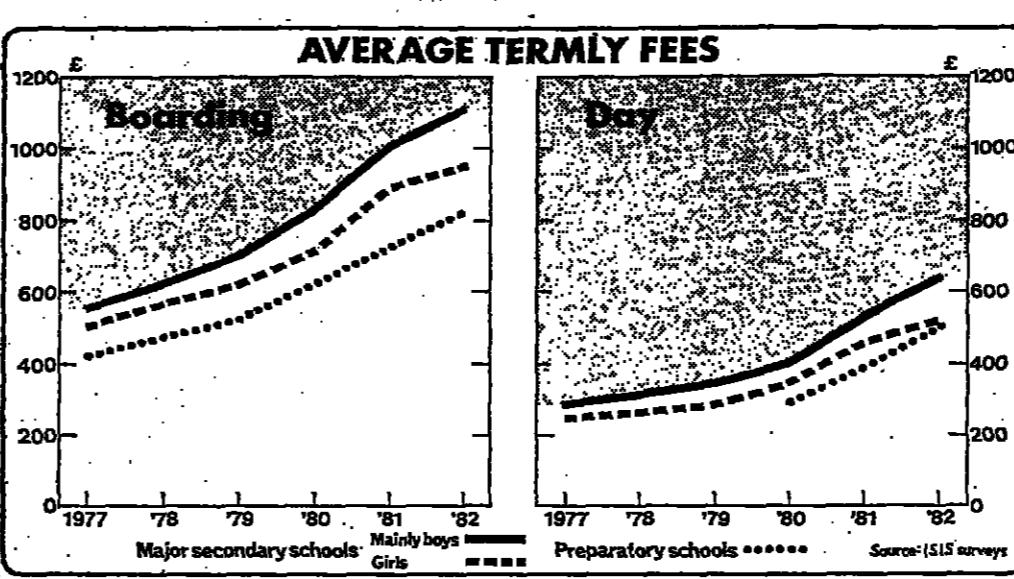
studies likely to do little more than keep them quiet until the day they may legally leave.

Accordingly, the fee-charging schools seem to have been more innovative than their state counterparts both in careers education and in giving a practical emphasis to the teaching of appropriate subjects such as modern languages. A fair number of independents, particularly those for girls, think its average pupil's time is better spent in acquiring useful practical skills than being coached for the academic 18-plus examinations.

The practical approach is, however, in jeopardy primarily because of employers' increasing tendency to make academic exam success, no matter how irrelevant, a pre-condition of recruitment to jobs with desirable career prospects. Noting this, ambitious parents press schools to concentrate on conventional academic study and those dependent on fees have no choice but to conform.

Unless the independents can organise themselves politically, in order to awaken employers to the short-sightedness of their recruiting policies, the innovation which is a central strength of the private sector is at risk.

Meanwhile, the random decay of state schools which the educational inspectorate



has reported in several local authority areas is liable to be used by the independents' opponents as a pretext for representing them as bastions of privilege. Here again it seems important that the sector is organised to act politically in its own defence.

At national level a lead was given in September by Mr John Thorn, head of Winchester, at the Headmasters' Conference in Oxford. In his speech as chair-

man of the conference he firmly espoused the cause of state schools, declaring that: "they were suffering from 'an appalling and criminal lack of resources'."

But independents will need to do more than publicly demonstrate friendship for their state counterparts if they want support for retention. Some schools have observed the value of good community relations and are working to enhance them by

opening their doors to local residents and strengthening links with the press in their area. These, however, seem still to be a small minority.

It is no longer enough for independent schools to go on quietly doing what they are good at. For the sake of their sector's future they now need to show and say openly that they are doing good and go on doing so until everybody knows it.

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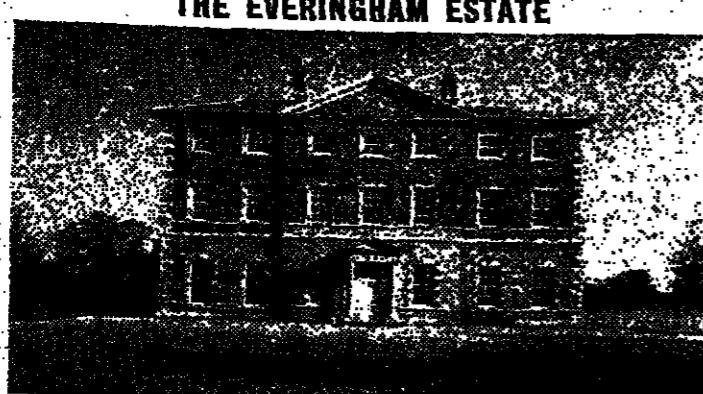
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BOOKS

Utopian era

BY GEORGE MALCOLM THOMSON

The Elmhirsts of Dartington: The Creation of a Utopian Community by Michael Young. Routledge and Kegan Paul, £15.00, 381 pages

Dorothy was American; enormously rich. Whitney millions. She yearned to do something progressive with her money: it was not enough to subsidise The New Republic. She was too, a ruthless bridge player: blood will tell. Leonard Elmhirst was English, son of a Yorkshire parson, secretary of Radinamath Tagore, trained in practical agriculture. He became her second husband.

Together the two of them, the Elmhirsts, founded Dartington. It was to be a school—an experimental one—linked to the rehabilitation of the Devon countryside in which it stood.

Leonard Elmhirst owed a great deal to Tagore's inspiration; but there was a strong infusion of New England idealism about the venture. Dartington was a Utopian commune, not unlike thousands of others in the United States; Oneida, Amana, Bethel, the Bruderhof, and so on. It was high-minded rather than austere, with Whitney money at hand to smooth rough places. Its ideology was "progressive," but woolly:

"Quite how the farm and gardens, forests and freedom were to be used for education could be left unstated." The Bertrand Russells, the Bernard Shaws, the Huxleys, the fine flower of the Radical Chic, came and blessed and even sent their

children, if they had any,

There had, of course, been educational experiments of the kind before. There had been the "Little Commonwealth" of Homer Lane, famous for his remark, about children, that he was "on their side." His Commonwealth flourished until an unfortunate scandal occurred involving Lane and one of his girl pupils. This is one of the recurring hazards of progressive education.

Today, the Dartington Hall Trust owns a school, textile mill, a glassworks, a furniture factory, farms and woodlands; and employs 850 people; it owns 2,000 acres of farmland and 1,200 acres of woodland. It has 300 students and close on 300 pupils.

Signals had quickly gone out to parents with unmanageable children and children with unconventional parents. The school from the start boasted of freedom from all the weaknesses of the public school system.

Dartington was to have no segregation of the sexes, no compulsory religion, no corporal punishment in fact, no punishment at all. Leonard at one time wanted to ban the word "school" itself, but nobody could think of a better one. Generally speaking, the idea was that the children would govern themselves and learn by seeing things done on the farm, in the woods, the workshops, and, by themselves, doing them. As time went on, ideas were modified. "Freedom" it was found, was not all it had been cracked up to be. One Dartington girl is alleged to have wailed: "Oh, dear, do I have to do what I want to do

Detail from a painting of Dorothy Elmhirst, the Whitney heiress, who founded and invested much of her fortune in Dartington Hall. A biography of her and her Yorkshire-born husband Leonard, by a former pupil at the school, is reviewed today

posthumously, Wilding has set the record straight. (He worked on his autobiography until his death in 1979 when it was completed by Pamela Wilcox.) He had a knack of knowing a good yarn when he saw one and the book has anecdotes tumbling from the first page to the last. He comes across as a witty, surprisingly modest and utterly charming man who loved—and was loved by—some of the world's most beautiful women including Marlene Dietrich, Margaret Leighton and, of course, Miss Taylor. He also portrays himself as one of life's equivocators: Elizabeth Taylor nicknamed him "Mr Shilly Shally" and was eventually

driven to propose to the patently smitten, but indecisive, Wilding.

The book is a mutton dressed as mutton account of his life. Inevitably, there are heart-wrenching moments—he describes the hurt and anguish he felt after the break-up of his marriage to Elizabeth Taylor; he tells us how he was squashed from a great height by Hollywood's moguls, then cast aside by his "friends" when his movie career foundered; he relates the slow and painful death of his wife, Margaret Leighton. And Wilding reveals for the first time that he suffered from epilepsy

—which persistently dogged his acting career.

To the end, Wilding was greatly influenced by the women in his life. And a woman's guiding hand remained, even after his death at the age of 67. Pamela Wilcox is the daughter of Herbert Wilding, the producer and director of Wilding's best-known films. She worked closely with him on the autobiography and now, with considerable expertise and love, she has packaged Wilding's life into an eminently readable book. It is to her credit that the actor's voice commands the pages, while she waits in the wings.

Poor Boney

BY DUNCAN CAMPBELL-SMITH

Napoleon's Great Adversaries: The Archduke Charles and the Austrian Army 1792-1814 by Gunther E. Rothenberg, B. T. Batsford, £9.95, 219 pages

The Escape from Elba, the Fall and Flight of Napoleon 1814-1815 by Norman Mackenzie, Oxford University Press, £12.50, 295 pages

The Murder of Napoleon by Ben Weider and David Hapgood, Robson Books, £7.50, 264 pages

because his (Kienmayer's) soldiers were badly in need of rest.

No story in Gunther E. Rothenberg's analysis of the Imperial Austrian army better illustrates its initial lack of readiness, both material and psychological, to lead the land war against Napoleon as Britain's scheming required. Murat's cavalry swept on, took Vienna within the week, and brought Austria to a humiliating peace on Boxing Day, 1805.

The British schemed against Napoleon from start to finish. We conspired against him as Emperor, subsidising numerous armies with golden guineas, which the French called "the cavalry of St George." When he was sent off to Elba, the British followed as self-appointed guardians, to spy on his life in exile. Now it transpires that we connived at St Helena to despatch him, arsenic-riddled, to a premature grave.

The cavalry, as often as not, arrived too late to help—and the allies needed much more than gold or even new shoe leather. Britain strained for the best coalitions against the best coalitions against Napoleon which money could buy. But, over a series of awesome battles and campaigns, only his Grande Armée was consistently able to rise to the demands of a new kind of warfare.

The Grande Armée sprang, body and soul, from the greatest of revolutions. The commitment and mobility of its forces, guided by a supreme military mind, overwhelmed European staff officers of the old school like Austria's poor General Kienmayer.

He expected some respite for the 16,000 infantry escaping back into Austria under his command, after the main Austrian army had been calamitously outmanoeuvred by Napoleon at Ulm in October 1805. He was appalled to find Marshal Murat and half the French cavalry bearing down on his capital within 10 days.

The bewildered general "sought an interview with Murat and asked him not to press too hard towards Vienna



Napoleon in 1815—an engraving by Sandys. Fresh light on the Emperor emerges in books reviewed today

intrigue and scheming. But, pitiably in the escape. (He was most of it revolved around the certainly mistaken—"all other peace talks at the Congress of Vienna." It was left mainly to the British to watch over those of a successful escape, the British Prime Minister wrote to Castlereagh). Professor Norman Mackenzie romps merrily through the whole curious story, unfettered by footnotes or much constraint by his ample historical imagination.

The Scot spent more and more of his time away from Elba chasing attractive ladies in Italy, the man-of-war's captain declined most invitations to go ashore, as he wrote to his wife, having "no desire to go and be insulted by some French officer, as is their habit." Not surprisingly, Napoleon flew the coop without warning.

Or at least without a warning headed by the allies. One Bourbon spy on Elba did see what was happening—except that, so frequent were English visitors to Elba, he became convinced of Westminster's coming Invalids.

Women often with men

BY MARTIN SEYMOUR-SMITH

Bodily Harm by Margaret Atwood. Jonathan Cape, £7.50, 301 pages

Lessons by Lee Zuckerman Faber & Faber, £7.95, 342 pages

John David by Paula Mune. Virago Press, £6.95, 195 pages

Braided Lives by Marge Piercy. Allen Lane, £7.95, 445 pages

The Girl of the Sea of Cortez by Peter Benchley. Andre Deutsch, £8.95, 213 pages

not by women readers; and I me slightly does the women's movement somehow preclude finding I could take it, too (just).

Paula Mune's John David, though well intentioned, is not in the same class as the preceding two books. The author writes for television and, like some other professionals in this genre, who essay novels, she does not seem happy on the form. (John David is in fact soon to be a "major BBC TV play".)

It is about a mentally handicapped child (*Down's syndrome*), and about the difference he makes to his parents and relatives. His mother decides not to keep him; this is interesting but in some odd way predictable; one feels sometimes that one has read (or seen) all this before. There is an underlying sentimentality which is eminently excusable but which is strongly written, and the men who figure in the story are treated almost too fairly.

Marge Piercy, an American who has written novels, poetry and a play, as said to have been about a 14-year-old girl, Paloma, combatting ignorance of ecology. To everybody, but Paloma, sea creatures are either edible or dangerous. To her, they are also magical.

Peter Benchley has forsaken such successes as *Fish* for the field of fable. Briefly, this is about a 14-year-old girl, Paloma, combatting ignorance of ecology. To everybody, but Paloma, sea creatures are either edible or dangerous. To her, they are also magical.

As any shareholders of De Beers' stock will tell you, demand for diamonds at the moment is very poor. The company has been weakened by a recession-led slump. In the demand for diamonds and an attendant jump in the world's stockpiles of the gems, De Beers' sales of diamonds fell by 41 per cent in 1981, its own stocks doubled and its cash holdings dropped from R1.8bn in 1978 to almost nothing this year.

The company clearly has problems—new diamond production in Australia will be putting further pressure on De Beers' abilities to hold its monopoly over diamonds at the time, a phenomenon which even De Beers can't control.

The book shows how De Beers mercilessly squeezes out competition at each turn of the bend in order to keep its grip on the world diamond market. Nonetheless, one learns from Mr Epstein that the vast majority of those involved in diamonds—from producers and dealers to cutters and jewellers—have acquiesced and cooperated with De Beers. So far, it seems the system works. One has to conclude that without De Beers supporting the price and supplies, their own businesses would not have much value.

The people for whom the system does not work, however, are the ordinary purchasers of diamonds who want to sell their stones. In his widely re-

Still a girl's best friend?

BY CARLA RAPOORT

The Diamond Invention by Edward Jay Epstein. Hutchinson, £7.95, 270 pages

Edward Jay Epstein's *The Diamond Invention* is an engrossing history of De Beers, the South African diamond company. Mr Epstein recounts in refreshing detail how, from the days of Cecil Rhodes up until the present, De Beers has built its own international diamond monopoly and how it has preserved that monopoly for nearly 100 years.

The author writes that the company used slick Madison Avenue advertising techniques to advance the rare and precious nature of diamonds, emphasizing that they symbolise love and therefore should be kept ever, as in the now-famous slogan: "Diamonds are forever." Mr Epstein asserts that the advertising was mainly a clever way to encourage the purchase of diamonds and, at the same time, discourse their re-sale so that the retail market could be tightly controlled.

In its attempts to push diamonds on to more fingers around the world, Mr Epstein reports that the company has been using these techniques on the Japanese and thereby undermining the traditional rituals of courtship and marriage with its partner.

In room two West again led the diamond. Knave, and switched to a club after East's diamond four, and East made his ruff. But at trick three East did not cash a diamond honour—he returned the five of diamonds, hoping to find West with the eight, or possibly with no other diamond. West took the trick with his eight, and another club lead allowed his partner to make a second ruff and defeat the contract.

This argument is shaky. Advertising doesn't exactly force people to buy things and a successful campaign for a harmless bit of jewellery seems to be more something to respect than derate.

This theory aside, the book makes enjoyable reading. Mr Epstein has visited nearly all the major sites and talked with just about everyone, but the miners. He has a good ear for anecdotes and despite his fairly antagonistic stance on the company, none are malicious.

Mr Epstein also recounts how the company has managed to hold together its business relationships with the Soviet Union, various black African nations and maintain the good will of the West despite its Johannesburg base. I was only sorry that some detail was not given of the Oppenheimer family's political views, which are apparently fairly anti-apartheid.

The book shows how De Beers mercilessly squeezes out

competition at each turn of the bend in order to keep its grip on the world diamond market.

Nonetheless, one learns from

Mr Epstein that the vast

majority of those involved in

diamonds—from producers and

dealers to cutters and jewellers

—have acquiesced and co-

operated with De Beers. So

far, it seems the system works.

One has to conclude that with

out De Beers supporting the

price and supplies, their own

businesses would not have

much value.

The people for whom the

system does not work, however,

are the ordinary purchasers of

diamonds who want to sell

their stones. In his widely re-

Graham Sutherland

by Roger Berthoud

"An extremely useful life... as it is informative." *The Listener*

"Absorbing and splendidly detailed." *The Spectator*

ON SALE NOW £12.50

HOW TO SPEND IT



Crush on cotton

IT WOULD be nice to think that we might get through an English summer without needing a sweater but even in those hot, hot summers of 1976, 1977 and 1978 it was never wise to forget to pack one altogether. However, nobody likes to put on the heavy, dark woolies that have been around all winter—so the summery answer to keeping warm is the cotton sweater.

The Newcastle-based company, Penny Plain, has just launched a range of very pretty, light cotton sweaters.

There is a shop at 7 St Mary's Place but last winter it started up a mail order service. The first catalogue featured individually-designed sweaters, all made from Shetland wool, which were chiefly notable for the brightness of the colours and the reasonableness of the prices.

The summer cotton knits are just as reasonably priced, as anybody who has shopped around for them will realise.

Prettiest of all the designs is, I think, the short-sleeved jumper, Daisy, sketched above right. On a creamy white background there are flowers of

crushed raspberry, peppermint green, blue, yellow and lilac. It is £39.50 and it is made from 100 per cent cotton.

Sketched left is a long-sleeved jumper, Strawberry, made from 80 per cent cotton and 20 per cent silk. It has a creamy white background and soft pink and avocado strawberries and leaves on it. In one size only (because of the pattern repeat) up to size 37 in bust. It is £45.

There are three other patterns in the collection—Cherry, in cotton and silk, with apricot-coloured cherries and avocado green on a creamy background at £45 and a pastel-striped sweater in cotton at £39.50.

Finally, there is Triangle which has bright triangular wedges of colour against a creamy background. Made of 100 per cent cotton, it is £43.50. For postage and packing add £1.50 per sweater to the prices.

For a free brochure showing the patterns in black and white but enclosing swatches of the cotton thread send a 15p stamp to Penny Plain, St Mary's Place, Newcastle upon Tyne NE1 7PG.

Vintages of the Ebro

IN A previous article I described the background, historical and commercial, of Rioja, the best table wine area of Spain. The wines themselves vary considerably according to where they come from in the three main districts in which they are grown: in Alava north of the river Ebro, in Rioja Alta, south of the river, and of Alava, Rioja Baja in the lower reaches of the river, on the way to the Mediterranean. North of Rioja Baja there is a little production in the province of Navarra but it is not important. Of the three chief districts, there are 7,000 ha in Alava, 27,000 ha in Rioja Alta and 20,000 ha in Rioja Baja.

The quality and style of the wines vary according to the physical and climatic conditions in a wine-growing region that extends for upwards of 60 miles from east to west, but essentially not much wider than 10 or 12 miles in the river valley. The best balanced wines come from the lofty vineyards of Alava, protected, as they are by the Cantabrian mountains that rise steeply from the river valley, and also from the highest part of the Rioja Alta around Haro, the wine-making centre, where many leading bodegas and the research institute lie. (The trade centre and the offices of the regulating Consejo and the 42-strong exporters' group are downstream in the much larger Logrono, just on the boundary between the Alta and Baja Rioja.)

The vineyards rise to the unusual height of over 2,000 ft above sea level, and this results in their having good fruit, a fair balance of acidity,

and are not generally marketed on their own. The Alava and Alta grapes are more expensive too, especially the former.

The leading red grape is the Tempranillo, which accounts for between 50 and 75 per cent of a blend. It has a deep colour, not much aroma, medium strength and good acidity. Bouquet, and good addity are particularly contributed by the Garnacha, which tends to be comparatively low in strength for a wine whose finer examples can be relatively strong: 13 deg or even higher. The Mazuelo has a deep colour, and is somewhat bitter and tannic, so helping to preserve the wine over an extended maturing period. Also allowed, but less commonly used, except in Rioja Baja, is the Garnacha, a relative of the French Grenache. It produces an alcoholic wine. Three or four other varieties are permitted but now not much planted.

The main white grapes are the predominant Viura and the Malvasia. The latter is said to produce the best wine, but is subject to mildew and is less productive than the former.

Although it is claimed that the best Rioja comes from Alava, owing to comparative lack of acidity, it does not keep so well as the Alta wines, which is why these are usually included in the blend, though Riscal, the oldest firm, has its 300 hectares of vineyards in Alava. But it also buys in grapes, as almost all the large firms do: either from private growers with whom they have contracts, or from the 31 co-operatives.

Much of the quality of a Rioja depends on the height and situation of the vineyard. The Alava vineyards are not only protected from cold northern winds by the mountains, but are broadly the only ones to face south. Then, although the Baja area is less favoured for its generally lower level, the Berberana firms have planted a large vineyard, 70 km to the east of Logrono, but on land as lofty as that in Alava. Murrieta's 300 ha of vineyards are very much on the border between the two Rioja districts, but produce well-esteemed wine.

Even more important for the finished wine is the way it is matured. For there is only one appellation, Rioja, in the whole region, but degrees of quality depend upon the officially authorised and regulated system, laid down by the Consejo Regulador in



WINE

EDMUND PENNING-ROWE

vintages likely to be available now are 1975 and 1976. They may be surprisingly pale, but should have an agreeably "vanilla-oak" nose. This is about the age at which most red Riojas should be drunk for in general they are not long-lived wines; though there are remarkable exceptions.

The problem of aging Rioja is to mature it without losing its freshness and becoming heavy and excessively old-coloured. The highest classification is Gran Reserva, which has three long skewers and a battery operated motor to turn them; it is very basic, and costs £22 from Milles at 11-13, Pratt Street, Camden Town, London, NW1. I have tried others, but find this the best and most versatile and not at all expensive.

One of its main advantages is its portability. Charcoal is expensive, and I have found the best way of buying it is from local merchants in bulk, about £6 for an enormous paper sackful (no weight given but it must be something approaching 50 lbs). This is much cheaper than any other method of purchase.

After the novelty of charcoal-flavoured meat and fish has worn off, the scope for experimenting is almost endless. I am still discovering new flavours. For example, throw generous handfuls of thyme, sage, rosemary or pine needles

better year, with more body and character, though the 1973 is very agreeable to drink.

The best age to drink the white wines depends a good deal on how they were made and on personal taste. As stated in the previous article, I believe that if white Rioja is to escape the class of "fresh white wine anonymous" it must have some oak, but not too much. Murrieta keep their white in wood for five or six years, and this is too much for me. But Caceres produces a 1980 with some style. The bodega, started only in 1970, is owned by Sr Forner, the proprietor of Ch Camenesac and Ch Larose Trintaudon in the Haut-Médoc. Probably white Riojas should be drunk by the time they are three to four years old; but again there are exceptions. I tasted a 1984 of Lopez de Heredia that had many of the qualities of a fine old dry Graves of the style of Lavelle-Haut-Brion.

The tradition of keeping the wines almost indefinitely in cask has not improved Rioja's reputation. Murrieta, for example, still have some 1917 in wood and are selling their 1834. Of course they have periodically to be topped up in cask. Old wines that are remarkable will have been bottled comparatively early by Rioja standards. A superb Riscal 1922 (65 per cent Cabernet-Sauvignon), which I drank had been in bottle for 50 years; a huge-coloured wine, rich in aroma and body—and 14° CUNE opened their 1952, 1947 and 1928 all bottled many years ago. If 1947 was the most complete, the 1928 had a truly classic "claret" bouquet. Incidentally none of these old wines had any deposit; and this is a characteristic of Riojas, largely because the wines are very frequently racked when young.

But excellence does not always go with age. In its way the most remarkable bottle I drank was Domenech's Gran Reserva 1976, not yet released onto the market: its big colour no doubt arose from having been left 15 days on the skins. After 26 months in semi-old oak, it was bottled in June 1980. The result was a big, velvety, complete wine of 13.20°. Much of the quality derived from the exceptional vintage, for a 1975, similarly treated, lacked the colour, fruit, and concentration.

Although vintage dates on Rioja bottles were often referred to as "telephone numbers," with stricter controls this has certainly ceased within the region. For the record, the best vintages are said to have been '20, '22, '28, '34, '38, '49, '47, '52, '57, '64, '68, '70, '73, '76, '80 and '81. And great hopes in particular are expressed for the '81.

COOKERY

JULIE HAMILTON

How to urn it

THERE can hardly be a household in the country that is without any houseplants at all and most will boast several, as well as outdoor plants like geraniums and lobelia, all of which need to be contained. What most people use to house this greenery are the reasonably-priced china containers sold by chainstores around the country.

However, there is an alternative—the one-off, handmade container that is virtually an art form. The British Crafts Centre at 43 Earls Court, London WC2, currently has an exhibition of about 55 individual pieces called "planters and vessels."

One of the most splendid containers on show is Svend Beyer's huge salt-glazed urn, photographed here. The particular models on show are not for sale but can be ordered through the British Crafts Centre or through Svend Beyer himself at Duckpool Cottage, Sheepwash, Beaworthy, Devon. (tel: 04923 282). £80.

of aubergine, mushrooms, peppers, corn on the cob and tomatoes. Baste the vegetables with a little seasoned oil and lemon, or use whatever you have basted the meat or fish with.

Other possibilities you might like to try include slices of black pudding, halumi cheese, kidneys, small slices of rump steak, veal chops, the list is endless, all served with a choice of salads, hot bread and maybe a barbecue sauce (my summer sauce given June 14, 1980). Barbecues enable you easily to serve a large number of people with the minimum amount of work and quite a lot of fun.

Besides the obvious accompaniments like baked potatoes and crisp salads here are some other suggestions that you may not have thought of.

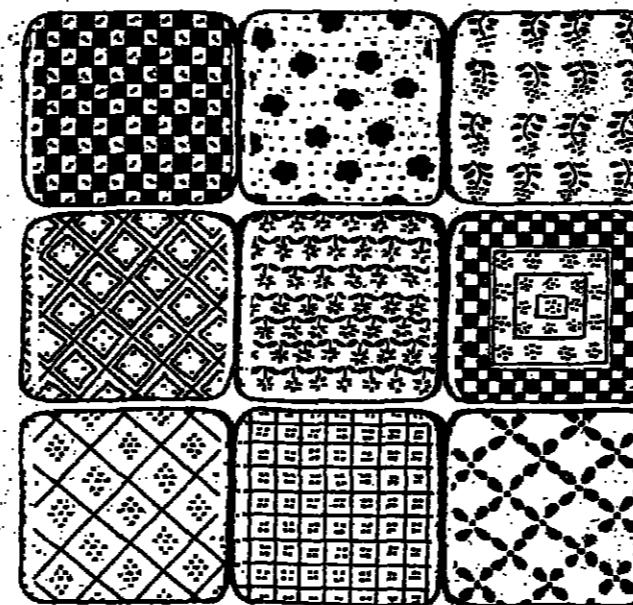


Black-eyed beans—simmered without salt (do not soak) for about two hours and dressed with lemon, olive oil, garlic, salt and pepper, while still hot, then covered and left to stand until cold or tepid—make a good dish (would you call it a salad?) to go with any barbecue.

French beans treated the same way (not cooked so long of course) are also delicious.

Cauliflower broken into florets, steamed for barely five minutes, and then when cold, smothered with yoghurt seasoned with salt and pepper and plenty of finely chopped fresh chives and sesame seed sprinkled over (it is necessary to toast the sesame seeds in a dry frying pan over a fierce heat before using them) is another unusual salad highly suitable to accompany any barbecue, especially fish.

Claudia Roden's book *Picnic*, the complete guide to outdoor food published by Penguin, at £2.95, is wonderful reading and full of all sorts of original ideas. Anyone really keen on outdoor eating should buy it. It is charmingly illustrated by Linda Kitson, three of whose sketches are shown here.



Story tiles

ONE of the prettiest ranges of tiles that I've ever come across has just been introduced into this country by Tile Mart. Most people by now know of the Tile Mart shops—unfortunately both branches are in London (at 151 Great Portland Street, W1 and 107 Pimlico Road, SW1) but if you are looking for something special and live out of London I think it is well worth paying them a visit.

The tiles come from a small studio in Burgundy where a young couple, Gerard and Carole Stoenen and Gerard's younger sister Veronique, produce hand made ceramic tiles in the classic studio way.

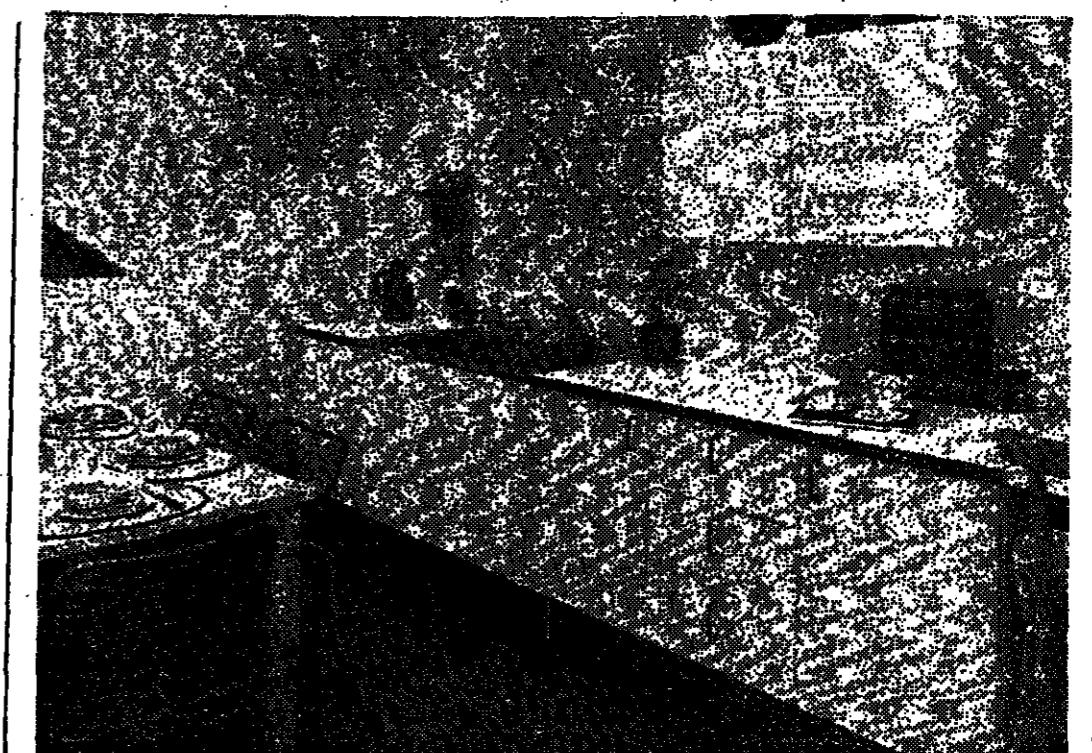
Veronique is the designer actually responsible for the tiles shown here. Her subjects are the simple homely things we all can easily recognise—flowers, baskets of fruit, pots of jam, fruit and vegetables, and ordinary domestic implements. All her designs have about them a child-like freshness and innocence which is a large part of their charm.

I think they look best when they aren't used too abundantly but are interspersed with the plain, ivory tiles that are part of the collection.

It is almost impossible to list all the designs she does so I urge anybody who thinks this collection might be what they need to go and look at them. Probably the cream of the collection are the tiles we've illustrated here—the pot de confiture, below left, is in blue grey and blue and takes four tiles to build the picture. Then there is a collection of subtle patchwork patterns, all using the same colour palettes, but all working together in the way that genuine old patchworks do (see above).

Finally, sketched bottom right, are two of the individual naif flower designs.

None of the tiles is cheap. Prices for the patchwork tiles are £4.80 each (10 cm by 10 cm), for the ivory plains and borders, £2.75 per square yard. Price of the pot de confiture, four tile unit, is £20, while a charming cat on six tiles is £43.50.



Kitchen carry out

faced board. Doors, drawer fronts and worktops are finished in a textured laminate.

Because simplicity is the essence of the exercise, the system cannot turn corners—if you have corners to fill you will have to simply run two rows of units until the corners meet and fill the resulting square surface in with matching infill panels.

Though it is uncluttered and has none of the decorative extras that more elaborate ranges are prone to sport, this doesn't mean that it is unattractive. In fact, its extreme simplicity is part of its charm—mainly plain white with touches of colour (just primary blue or red) in the handles or, if you wish, in the plinths and worktop fronts as well.

The Reject Shop wanted to sell kitchen furniture way back in 1981 but found that there was nothing on the market that seemed right for its market—ranges were either "de luxe" kitchens which were too expensive and had long delivery times or else the quality seemed inferior. So it was decided to design a range specially for The Reject Shops.

The idea behind the Commonsense Kitchen (as the design is called) is that it is relatively inexpensive but is available instantly. There are 10 components all of which are flat-packed and which you can take away from the shop there and then.

The carcasses are made from melamine



Drawings by Clare Brooks

Let's go out to eat



or any herb you like on the hot coals at regular intervals. The aroma which rises in the smoke is heady beyond belief and delicately flavours the food.

JULIE'S FAVOURITE BASTE

I baste frequently with various different concoctions, but this is my favourite.

The juice of 2 lemons; 3 or 4 cloves garlic; 2 teaspoons coriander seed; 1 tablespoon oil or soya sauce; pinch of sugar; 1 teaspoon salt; 2 tablespoons or so olive oil.

I mix it in a pestle and mortar, by first crushing the garlic and coriander with the salt and sugar (sometimes I add a little mustard or chilli sauce). Add the lemon, mix well, add the soy sauce, mix well, and finally add the olive oil.

If the lemons are very juicy, reduce the oil or add another lemon, thus reducing the likelihood of flaming when you baste, which I recommend doing very frequently. If you fancy a curry flavour, fry a little curry powder in the oil and substitute cumin seed for coriander.

Provided that you have at least, a barbecue which has been boned and rolled. Put whole onions in their skins on the skewer too, and bones not too frequently, with a mixture of lemon, garlic and mint jelly, mostly towards the end of the cooking. Burn sprigs of mint on the coals, or substitute rosemary and add a little oil to the lemon juice.

Almost any meat or fish can be cooked on a barbecue, and certainly some of the cheaper cuts of lamb and pork are especially good. Pork slices (cut from the belly) are excellent, and lamb fillet a real treat. Try marinating the lamb for several hours beforehand in red wine and crushed coriander, salt and pepper, and then cook it on a barbecue.

I have a Cyprus barbecue which has three long skewers and a battery operated motor to turn them; it is very basic, and costs £22 from Milles at 11-13, Pratt Street, Camden Town, London, NW1. I have tried others, but find this the best and most versatile and not at all expensive.

Just the smell of food, cooking over charcoal too, whether it is chicken thighs cheaper per pound than the whole chicken. These are very good cooked on



Rabbit is wonderful cooked over charcoal too, either whole or jointed or boned and cubed and skewered with small onions. You could marinate the rabbit first in 1 tablespoon brandy, 2 tablespoons red wine, 2 teaspoons capers, 1 teaspoon clear honey, a generous pinch of cinnamon and nutmeg, salt and pepper. When cooking the rabbit, add some oil to the marinade and baste with it.

After the novelty of charcoal-flavoured meat and fish has worn off, the scope for experimenting is almost endless. I am still discovering new flavours. For example, throw generous handfuls of thyme, sage, rosemary or pine needles

over the barbecue.

Another idea worth trying is

chunks of huss, mushrooms and green pepper cut in strips,

threaded on skewers and basted with garlic, parsley, lemon and oil, salt and loads of coarsely ground black pepper. Serve this stuffed into Greek pitta bread which has been heated on the barbecue.

Rabbit is wonderful cooked

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ARTS

Bloomsday in Dublin

BY ROSALIND CARNE

No writer has done more for the literary pilgrimage than James Joyce. His "Ulysses," daunting enough to the average reader, is virtually incomprehensible to those unfamiliar with the city he celebrates. Indeed, Dublin streets and Dublin landmarks are woven into his entire labyrinthine output, and every serious disciple or enthusiast must one day trace his steps.

Last week, 600 assorted scholars and bangers-on swelled the lecture halls of Trinity and University College for the Eighth International James Joyce Symposium. This year marks the centenary of the writer's birth, and the symposium was the largest and most ambitious ever held. The week-long festivities ranged from the most erudite of papers to numerous exhibitions and the ubiquitous badges, calendars and post-cards. For the academic and commercial establishment, the Joycean industry thrives, as the sons and daughters of those who spurned him now welcome back his acolytes.

Posthumous commercialisation of Ireland's greatest writer has proved a thorny topic in many quarters, not least with his grandson, Stephen Joyce, graciously declined the invitation to attend the unveiling of a bust of his grandfather.

The bust, in St Stephen's Green, had been given by American Express and seemed to have more coach tours than usual blocking the crowded Dublin streets last week.

For a theatre critic it was bizarre experience. Of all literary giants, Joyce is the least theatrical. His ramblings are intense personal phantasmas, for his novels bear a greater resemblance to the symphony than to the well-made play. Words become transfigured into music, shapes and patterns remain hoovering and indistinct. The later, and greater, the work, the more this is so. He may have been the father of modernism, but the world had to wait a few years until his rather more laconic countryman, Samuel Beckett, was to express the mood of the twentieth century on stage.

Beckett's Joyce's only published play was turned down, quite understandably by W. B. Yeats at the Abbey Theatre. Its first major London performance did not come until 1970, and there were no revivals last week. Instead, in every Dublin theatre indeed actors and actresses were finding their own voices in single-handed treatments of his works. Meanwhile, Irish radio broadcast a full length reading of "Ulysses." Eager Joyceans were to be spotted carrying their transistor around the city. Those snatches I heard were quite beautifully done; this is without a doubt as much a book to be listened to as to be savoured alone.

For the visually oriented, the only full-sized cast was reserved for the festive centrepiece of the week's events, a street-wide re-enactment of the "Wandering Rocks" episode in "Ulysses." The pavement ramble took place on Bloomsday, June 16, exactly 78 years after James Joyce first walked out with Nora Barnacle, the woman who shared his life. It is also the fictional date of Mr Bloom's odyssey.

Devotees of "Finnegan's Wake" were in clover, but I decided to avoid the bevy of structuralist and post-structuralist analysis. Happily it was a stage treatment that offered my first quite unexpected insight into this strange text. That magical actress Siobhan McKenna gave a melodic rendering of the story of Anna Livia Plurabelle, the River Liffey, symbol of eternal woman. Her sole performance of *All Joyce*, her own compilation of poetry and prose, reaches every corner of the Abbey Theatre. This page has already paid tribute to her sensual, humane treatment of the Molly Bloom soliloquy which closes the evening. It was impossible to cover every interpretation of this famous passage.

In Bloom's hotel there were nearly extracts by Patricia Leventon, and at Michael Lammamor's Gate Theatre, Flora Nuala Flanagan was offering her own version of *Joyce's Women*.

Ms McKenna's triumph lies in the way she uses her wonderful voice. Movements and staging are conventional, even stilted. This was also the case in Dermot Lynskey's luncheon show at the Guinness Museum. Here, back projection supplemented the usual turn of the century tric-a-trac. The hellfire sermon from "A Portrait of the Artist as a Young Man" was partly his own inspiration, for he first dressed up as Bloom five years ago to help sell some of his paintings. He boasts the same racial descent, looks the part and has been identified with Bloom ever since. Did he therefore feel a personal link with the man? His reply was unprintable. (Cue: "I-----t," see "Ulysses," page 352, Gertie McDowell episode.)

Academics always manage to steer their way around the censorship problem. I listened to an intriguing paper by Robert Adams Day of Queen's College, Belfast. It was entitled, "The Handmade of the Lured: Speculations on Joyce's Ideas of Inspiration," and subtitled "The Creative Onanist." Unfortunately I missed "Sex and the Sacraments" on the following



Bloom (right) and friends

Silhouetted window frames evoke the street background to the urban voyages of Dedalus and Bloom. Dawn and daylight turn to dusk and night through the window panes: these are just the dim, shadowy forms that might have been sensed by the half-blind author.

The actor has no need of wigs or costume changes for his protean transformations. Buck Milligan, Stephen Dedalus, Bloom, McCoy, Father Conmee,

and a score of others pass by.

One of the difficulties of any literary celebration is the privacy of one's personal feelings about a writer. Here, as in the Royal Shakespeare Company's *Nicholas Nickleby*, we are presented with a vast public spectacle, though in this case a city is brought to life by means of a single actor. He glides effortlessly into moods and bodies, transmuting voices, nasal, refined, drunken, guttural.

The piece de résistance is the Barney Kiernan episode which echoes the Polyphemus story in Homer. *The Citizen*, an angry, politically-blind, nationalist hounds Bloom for his Jewish ancestry. But our hero emerges triumphant, soaring to heaven in his imagination as the prophet Elijah. Mr Morrissey can silence laughter as quickly as he raises it. Marvellous. I shall return to the book with new excitement.

Dreyfus . . . BY B. A. YOUNG

You will be relieved to hear that Jean-Claude Grumberg's play, now at the Hampstead Theatre in Tom Kempinski's translation, is not another look at the Dreyfus case. It is Ascension Day, and the goyim are out on the streets. What better way to celebrate than to go and beat up the Jews? So they force their way into the rehearsal hall, and set to work on the aged caretaker (Ben Warriner). But Maurice has got his uniform by now, and with it the army captain's character. He chases the punks out at the point of his trick sabre, at that

breaks in the middle.

We see the rehearsals in the first half of the evening. Here is young Michael (Alfred Molina), who is totally unable to get into the character of Dreyfus: here is the arrogant Arnold (Gary Waldhorn) cast as Zola, but anxious to take over the whole thing: here are Maurice (Tom Wilkinson), author and director, and Motel (Jonathan Lynn), convinced that Michael will be all right as soon as he gets the uniform he

is making for him, even if it is the wrong colour.

This first act is delightful. In the second, we see why M

Grumberg has found it necessary to show us this little slice of life. It is Ascension Day, and the goyim are out on the streets. What better way to celebrate than to go and beat up the Jews? So they force

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point of his trick sabre, at that

breaks in the middle.

At this place the play's climax comes

when Michael's uniform completes his transformation. What happens to the characters afterwards is irrelevant, since Grumberg has made no preparation for it. The ungiven lecture on Zion is the only reference to the future. Soviet-occupied Warsaw and Nazi-dominated Berlin are as remote as sputniks.

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Warsaw and Nazi-dominated Berlin are as remote as sputniks.

Only the poet who is Strind-

bberg, his vision of the world that Agnes had imagined.

The adaptation of Michael Meyer's translation was made by Martin Jenkins, who also directed it. He had a splendid cast: Ian Richardson as the poet, Lynsey Baxter as Agnes, Denis Quilley as the officer, Frank Finlay as the advocate, Clifford Rose as the schoolmaster. I thought the whole thing amazingly good and clear.

There was nothing fresh in it. Explanation and analysis must wait for another day," said Ray Goudridge, its presenter. What it consisted of was a mosaic of the reports radio and television have given from home and abroad since the first occupation of South Georgia by the scrap-iron pirates to the end of the fighting, if indeed it is the end. Very skilfully joined up, it was.

A promising serial began on Radio 4 on Sunday. Tom McGrath's adaptation of Neil Gaiman's novel *The Sister Days*. It's about the herring fishers of Shetland, which isn't on my map, but which I take to be the top right-hand corner of Scotland, along with Scrabster, Mybster, Blister and Thirmerster. The time is the beginning of last century, and the tale is romantic enough for Tomard to call his young wife Catrine "Love of my heart, my little one, my wild pigeon." Then he gets nabbed by the press-gang, just as his boat has taken 50 crabs of herring. The talk is all in the soft, Irish-like language of the Highlands in English, of course, though the English is only a translation from the Gaelic. Ann-Louise Ross is Catrine, sad but sturdy, and the director is Tom Kinsman.

I confess I have not been listening to *Babylon* the Radio 4 series in which Dr Martin Bar has been examining the process by which young humans learn human language, but I couldn't resist last Tuesday's programme (the last of the series). It was sub-headed "Are Mothers Necessary?" and on the opposite page Radio 3 was offering three hours later, *The Disappearing Parents*, an examination of the generation conflict by Professor Seneviratne of Berkley, and Professor Halsey of Oxford. Dr Bar's programme revealed that parents tend to teach correctness of speech, but children pick up words by themselves. I have always believed that in teaching foreign languages grammar should be left until last, as you can make yourself understood without it, and apparently children agree with me.

From the other programme I learnt that parents are being replaced more and more by baby-sitters, day-care centres, clubs, schools and television. Five media which are unlikely to spend much time correcting children's grammar (well, some schools might). So perhaps the race will ultimately grow up with huge vocabularies but little ability to use them.

What they show are the impressions the world makes on the daughter of the god Indra, who is incarnated as the girl Agnes and given a taste of human existence. Hence her liaison for mankind. She sees only injustice, disappointment, misery, complaint, monotony. There is the officer waiting eternally for his mistress at the stage door. There is the advocate, rejected for his degree, living on cabbage in his miserable home. There is the schoolmaster condemned to spend his life teaching children their multiplication tables. Only the poet who is Strind-

bberg, his vision of the world that Agnes had imagined.

The Dream Play is ideal radio writing. There are mad images, like the castle that grows like a plant, the dreadful home with its dirt and untidiness presenting an endless task for the wife.

As far as I can see, the twin resorts of Poulstrand and Fairhaven, the mysterious door behind which is the secret of existence. Scene constantly shifts into scenes in the illogical progress of dreams.

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COLLECTING

Camera on the Crimea

BY DAVID MARSH

THE CRIMEAN campaign is remembered as one of the more needless, bungled and inconclusive wars in our history, between them British, French and Turks despatched an expeditionary force of almost sixty thousand men to destroy the naval base of Sebastopol which had recently been painstakingly constructed for the Russians by English engineers. For almost a year the allies besieged the port; and when, in September 1855, it finally fell, they were too weak to pursue the retreat of an equally weakened enemy. Far more men were sacrificed to incompetence and inadequate provision for the hostile climate than to the Russian guns.

No nation emerged from the war with profit or honour; but Britain's legacy at least included the legend of Florence Nightingale and the modern nursing service that resulted from her dedication and effort; Tennyson's elevation of a military fiasco to a national monument, "The Charge of the Light Brigade"; the war drawings of William Simpson; the magnificient, accusatory front-line despatches of Russell of *The Times*; and, not least, the war photographs of Roger Fenton.

Fenton was not quite the first war photographer. A Rumanian had recorded in turn the Russian and Turkish occupying forces in Bucharest; and Tolstoy, as a serving officer at Sebastopol, claimed to have taken photographs there. The British army, with unaccustomed initiative, set up a small unit of three cameramen, but they and their pictures perished when their ship sank in a hurricane in Balaklava harbour.

Fenton's, though, is the first surviving comprehensive record of a military campaign—a series of 360 photographs taken

between February and June 1855. It was no light undertaking. Fenton used the then new wet collodion process which required the photographer to prepare each plate individually and to take his photographs while the coating was still moist. He was obliged to travel with a specially converted horse wagon which could provide laboratory and darkroom as well as sleeping-quarters and storage for the enormous stock of chemicals, glass plates and camera apparatus.

The awful winter and the merciless summer sun which followed his collodion emulsion and frizzled his gutta-percha equipment were only the start of his problems. His servant and an assistant, Marcus Sparling, both proved liabilities on account of inebriety. Sparling in his sober moments though took a memorable series of photographs of Fenton himself, dressed up in Zouave costume and fiercely brandishing a rifle. Playfully these prints were included in the published selections of Fenton's photographs, simply labelled "A Zouave."

Fenton belonged to the first generation of gentlemen photographers, whose enthusiastic dabblings in the new art catered on the notable eighteenth century tradition of keen and capable amateur scientists. He came from a Lancashire family that had made a fortune in banking and cotton and was to lose it again through reading. His father was an MP, and Roger, after taking his degree, studied painting; then gave it up to go to the bar. At 28 he was a founder member of the Photographic Club, and in 1852 he was a prime mover in founding the Photographic Society (now the Royal Photographic

Roger Fenton

often crudely expose the blank pride of the aged officers, men of another world, ill-equipped to conduct what was to prove one of the first modern wars.

His publisher specifically requested him to take no battle scenes—which technically he would hardly have been equipped to do, though a view of the Valley of Death, after the battle, littered with cannon shot, still strikes a chill. Agnew presumably knew the taste of his market: the plates were made up in handsome red leather-bound albums, or individual pictures could be had from half-a-guinea apiece.

There is evidence the albums nevertheless sold disappointingly. By December 1856 the remaining stocks were sold off by auction; and today Fenton's albums are not easy to find. Certainly it is very unusual to find a group of three such as Sotheby's Belgrave is selling next Friday.

The best of these, containing 61 pictures, including an 11-section panorama of Sebastopol will certainly realise well over £50,000; another, with rather more pictures, including the fictitious "Zouave," should approach the same figure. A smaller album, with 29 portraits of Crimean top brass is estimated between £2,000 and £3,000.

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SPORT

On the eve of another Wimbledon... John Barrett reports

Comfort, cash and tigerish tennis

WIMBLEDON'S 86th championship meeting if not revolutionarily, will at least be setting welcome new standards of comfort for competitors and spectators that belie the orchestrated criticisms of certain players whose expertise on grass is questionable.

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Saturday June 19 1982

Waiting for recovery

AFTER THE military victory in the Falklands and the ousting of General Galtieri, the British Prime Minister must address herself not only to the long-term future of the Islands but to the problems of the British economy. The two are not unrelated.

At the political level Britain has drawn on a considerable bank of credit with its friends in the EEC and the US. They will, in the words of one U.S. official, seek to cash in their chips. At the head of the queue will be President Reagan, whose policy in Latin America is in tatters following his decision to come off the fence and back Britain against Argentina. Henceforth American pressure for a more eminent British line towards the Argentines will mount.

Reckoning

The reckoning at home concerns the cost of the war. The bill for the Falklands could have a substantial impact on the Government's pre-electoral economic game plan. All the domestic political pressures on the Government will now be working in favour of bringing about a recovery in real disposable incomes. And indeed there are already one or two straws in the wind: official figures published on Wednesday showed average earnings rising by 10.2 per cent in the year to April, compared with the current annual rate of price inflation of 9.4 per cent. Treasury officials are now hoping to see the rate of increase in retail prices down to 7.5 per cent in 12 months' time.

The question, in the aftermath of the Falklands war is whether a vote-winning reduction in income tax in 1983 can be achieved without causing the Government's spending plans to overshoot. As yet no figure has been put on the cost of sending the Task Force to the South Atlantic. But there must be some doubt whether the Government's £2.4bn contingency account, which already has to bear the cost of public sector pay increases above the 4 per cent norm that are not matched by increased productivity, will be sufficient to absorb the burden. Even allowing for the fact that the rehabilitation of the Falklands economy and the British navy will lead to renewed industrial activity and thus to increased tax revenues for the Government, Mrs Thatcher will not find it easy to reconcile tax cuts with the forecast £9bn public sector borrowing requirement for the current financial year unless there are further spending cuts elsewhere.

Stagnant

The impact of high real rates of interest in the U.S. can still be seen both in the financial markets and in industry. This week gold hit its lowest level for nearly three years and is now dangerously close to falling through the \$200 level. The cost of holding a precious metal that yields no income is prohibitive when real interest rates are running at seven or eight per cent. Hence, very largely, the failure of the gold market to respond to events in the Lebanon this week with a characteristic leap.

Industrial output in Britain, meantime, remains stagnant according to Government figures released this week. And it seems unlikely that an increase in stockbuilding will help pull the economy out of recession in the short term. The sharp reduction in stock levels in British industry over the past three years owes much to the level of real interest rates. As yet the interest rate pointers from the U.S. are only modestly encouraging for industry and the capital markets. There is nothing to indicate that recovery will come in with a roar.

Uneasiness

The uneasiness of the stock market this week partly reflects the fear that the Ministry of Defence's star may be in the ascendant once more in the

constant battle with the Treasury over defence spending. And the thought that Britain might now find itself committed to a much larger and longer-term military presence in the South Atlantic than envisaged earlier has added to the general discomfort.

Nor has there been much comfort for the market on the domestic front. The money supply figures this week showed that the increase in sterling bank lending amounted to £905m, or about half its level in the first four months of the year. But the Central Government Borrowing Requirement has swung back into large positive figures for the first time since last October. So while sterling M3 and PSL 2, the two wider monetary aggregates, have been growing at around the middle of the 8-12 per cent target range in the first three months of the target period, many analysts are still expressing concern about the way demand for credit is expanding.

The other Arab regimes individually condemned the Israeli action, criticised Syria for not fighting harder, rallied against the United States, asked Washington to restrain its ally.

But they have been unable to agree among themselves on even a foreign minister's meeting at which some form of joint action could be considered.

The Arab nations have been humiliated in battle with the Israelis before, principally in 1967 when President Gamal Abdel Nasser of Egypt sacrificed the Sinai and King Hussein of Jordan to the West Bank. Yet never have they appeared so totally at the mercy of an ambitious Israel which has moved from fighting arguably defensive wars to using its military muscle to attempt the total political reorganisation of a neighbouring sovereign state.

Once again the Arabs have fallen victim to General Ariel Sharon, now Israel's Minister of Defence. In 1973 it was his thrust across the Suez Canal which trapped the Egyptian Third Army on the east bank and forced a toughly bargained peace. Today he has an estimated 6,000 Palestinian guerrillas encircled in West Beirut, including Mr Yasser Arafat, the PLO chairman.

The demand of the Israeli government is simple: get out, or be thrown out. Neither option has any attraction for the PLO and there appears to be no Arab state willing or able to come to its aid.

The only possible restraining force on Mr Menahem Begin, Israel's Prime Minister, is the U.S. where he is scheduled to hold talks with President Reagan on Monday. However, the U.S. did little enough to rein Israel in when it crossed the Lebanese border with the declared aim of pushing the Palestinian guerrillas back 25 miles and since then the two countries appear to have reached broad agreement on the future political shape of Lebanon.

Both want the removal from Lebanon of all foreign forces that includes the PLO guerrillas and the Syrians and the establishment of a strong central government. It is an aim supported by the Christian Phalangist militias who have been receiving military support from the Israelis and might be willing, if they achieved a dominant role in government, to accede to Mr Begin's wishes and sign a peace treaty with Israel.

Washington's passivity is all the more remarkable given that only a few days before the invasion Mr Alexander Haig, the Secretary of State, had attempted in the course of a major speech to define America's Middle East policy. He had laid great stress on the need to breathe fresh life into the negotiations with Egypt and Israel designed to give autonomy to the more than 1m Palestinians living under Israeli occupation in the West Bank and Gaza Strip. These talks have now been indefinitely postponed.

Mr Haig, and perhaps Mr Reagan, must be all too well aware that their attitude will encourage Mr Begin in his



COUNTING THE COST OF THE FIGHTING

ESTIMATES OF the death and destruction suffered in Lebanon during the past two weeks vary greatly. Earlier this week the Lebanese authorities said that up to 10,000 people may have died and another 16,000 injured.

International Red Cross workers put the figure rather lower at perhaps 7,000 deaths. Israel claimed that only a few hundred civilians had been killed. The task of digging bodies out of collapsed buildings—such as

those in Beirut pictured above—is continuing and a precise death toll may never be known.

There is similar sharp disagreement over the number of people made homeless. The Lebanese authorities are seeking emergency international aid for the 600,000 people whom they say have been driven from their homes. These people include both Lebanese and Palestinians from the refugee camps.

Israeli spokesman

have quoted 70,000 as the figure for homeless people.

The Palestinians have not indicated how many of their guerrillas have died so far in the fighting. The Israelis suggest that at least 1,000 other Lebanese sources believe it could be 1,500. The death toll is still rising as a result of continued fighting especially around Beirut.

The latest official Israeli casualty list is 214 troops and 23

missing.

Correspondents who have visited the two main Lebanese cities to have been taken by the Israelis—Tyre and Sidon—say that damage is massive. They report that scarcely a building has been left unmarked by the fighting.

Other smaller towns and villages have also been badly damaged and essential services such as water and electricity seriously disrupted.

to go to Tehran, because it is so far from the borders of Palestine, it could at least provide a sanctuary for the PLO while it reorganises.

The PLO which emerges from the trauma of Lebanon is certainly to be a more militant animal than the one which has been ravaged in the past two weeks. Mr Arafat has bitterly denounced the passivity of his Arab brother nations. If he survives he will have little options and probably no desire, to seek a negotiated settlement. The PLO may well be convinced that it is the gun rather than the olive branch which yields more influence in the Middle East.

It may be equally convinced, along with the Iranians, that it is some of the present Arab regimes which bear most responsibility for the Palestinian humiliation and the confidence with which Israel uses armed force.

While the U.S. maintains Israel's clear military superiority and supports political solutions based on that strength, there cannot be any prospect for the Palestinians and more militant Arabs of achieving their aims through force or diplomacy, at least for the foreseeable future. Iran is offering an alternative. That is to undermine and seek to overthrow Arab Governments which might have the potential, through the sale of oil, to influence American policy.

The joint impact of recent Iranian and Israeli military successes this year is likely to make attitudes to the U.S. the critical dividing point in a now hopelessly split Arab world. Those supported most by Washington will be the countries under the most intense examination. Essentially this means Egypt and Saudi Arabia, but it is on the peripheries that the militant nibbling will most probably start.

The immediate fate of the Iraqi regime is of most immediate importance. Although nominally supported by the Soviet Union (which has been increasingly ineffective than the Arab "parties" in supporting Syria or the Palestinians), its regime has been seriously weakened by the war with Iran and only survives because of the heavy financial subsidies provided mainly by Saudi Arabia.

Bahrain has already survived an Iranian-sponsored coup attempt while its immensely wealthy Kuwait there are sizable populations sympathetic to Iran and to the Palestinians. The United Arab Emirates has been striving to maintain friendly relations with Tehran, while little Qatar can but rely on Saudi protection.

On humanitarian grounds alone it must be essential to prevent a battle developing for West Beirut where thousands of Lebanese civilians and Palestinian guerrillas would be sure to die.

On political grounds it could turn out to be an even greater tragedy for western interests in the region. The standing of the U.S. would still further and even its friends might be forced into distancing themselves from Washington.

There is no suggestion that Israel is to be penalised in any way by the U.S.

Israel by Mr Francis Pym, the British Foreign Secretary, on Wednesday night contrasted vividly with that of Mr Haig.

From Washington it is reported that some State Department officials with close knowledge of the Middle East have been horrified by the Administration's willingness to accept the invasion of Lebanon as a fait accompli and to concentrate instead on demonstrating that it could have a "silver lining" for the people of that hapless state.

It is not difficult to see why some Washington politicians may favour Israel's military

Middle East are not Israel's preserve alone. Further east another non-Arab state, Iran, is also busily and threateningly at work. Iran has all but overcome neighbouring Iraq militarily and is similarly attempting to impose a new political system on that country in return for peace. For Syrians and the PLO read the ruling Iraqi Ba'th Party; for Christian militias read Shia clergy.

The target for Iran is however much broader than just Iraq, despite that country's great economic and political potential. When King Khaled of Saudi Arabia died last Sun-

day, Tehran radio beamed across the Gulf the following message:

"King Khaled ruled for eight years as the head of a Saudi dynasty which placed all the human and material resources of the Arabian Islamic land at the disposal of western imperialism. May he get what he deserves from God. We pray that the voices of Moslems will rise up and that they will rid the Islamic land, which houses both Mecca and Jerusalem from the forces of oppression and exploitation."

In Iranian propaganda, the link between Mecca and Jerusalem is the "Great Satan" as—the U.S. is described, Iran's emergence as a powerful militant force in the Gulf has deeply alarmed the Saudis and the other conservative oil exporting states. Some responded by urging a more balanced approach to the two superpowers, others such as the Saudis appear to believe that they must rely increasingly on the defensive umbrella promised by Washington.

In part because of this Saudi Arabia has done little but express concern at the invasion of Lebanon. Instead it was Iran which immediately sent a top level delegation to Damascus to discuss military aid and within days had despatched several planes loads of revolutionary guards to the Syrian capital.

It may well also be Iran which will offer the PLO a base if it is ejected from Lebanon. No other Middle Eastern country wants the Palestinians and although they will not wish

to do so, they will be forced to do so.

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On humanitarian grounds

Financial Times Saturday June 19 1982

UK car manufacturers are facing their fiercest price-cutting war for years. Kenneth Gooding, motor industry correspondent, reports

Car sales: the battle quickens

THE CURRENT crop of advertisements in newspapers, on radio and television offering cut-price cars, "super" trade-in deals or "0" per cent finance are symptoms of the most competitive conditions the British motor trade has seen for many years.

The underlying reason for this hectic activity is that throughout the Western world and increasingly in Japan and the Far East, there are too many cars chasing too few customers.

In Europe alone manufacturers have the capacity to build 1m more cars than they are currently producing. Worldwide the figure is 4m.

In the UK, an additional ingredient making competition even more cut-throat has been the growing trade-in unofficial car imports from the Continent, where prices are considerably lower. The number of imports has not been large, but it has been very unsettling.

The battle for market share has been reflected in much tighter margins and lower profits for both car manufacturers and dealers. BL, for example, recently said its profits in the 1982-83 period were now likely to be £200m lower than forecast at the beginning of last year because UK prices would have to be held back. And that prediction was made before the extent of the current battle became clear.

The price cutting takes two forms — outright, publicly-announced reductions by the manufacturers, and, more commonly, hidden subsidies to dealers. These subsidies are an extension of the normal bonus schemes common in the motor trade which are usually paid by the manufacturers to dealers who hit set sales targets.

But in these unusual times all the manufacturers are giving extra bonuses to allow dealers

to give particularly good trade-in deals.

Manufacturers, for obvious reasons, are not keen to have their incentive schemes discussed in public. But, as far as I can trace, the extra help being given to dealers by the major companies includes:

- Ford. There is an extra £350 for each Fiesta and Cortina for dealers who meet targets. Dealers also have a bigger-than-usual margin of profit on the Cortina. Although Ford raised the list prices of the Cortina models by 4% per cent in May it did not increase the price to the dealers, thus giving them a 20 per cent discount on the range.
- BL has a complex scheme which gives at least £100 extra on each car sold and up to £700 for the last of the 1981 Rovers, Allegro, TR7 and Maxis which are still to be found. Through June, July and August dealers can on average win an extra £400 a car by hitting agreed sales objectives.
- Vauxhall dealers can have an extra £350 a car, if targets are achieved, on all models except the new front-wheel-drive Cavalier.

Talbot UK has introduced a new element into the battle. It is offering its British-built cars (Horizon, Alpine, Solaris) at "on-the-road" prices substantially below current list prices — and advertising the fact. For three months from June 1st discounts ranging between 12.5 and 14 per cent will be given.

Meanwhile, unofficial imports from the Continent have helped heighten a major fight for market share between Ford, Britain's market leader, with 30 per cent of sales, and Vauxhall.

Ford's reaction to the imports was to cut the prices of those of its cars which were the unofficial importers' favourites — the Granadas and the Escort XR3 sports model — and trim most others. The move was unprece-

dented for in the motor industry the market leader usually attempts to lead prices upward.

Most manufacturers decided that Ford's cuts were minimal in most cases and did not warrant any reaction.

But Vauxhall did take action.

The move was almost certainly carefully considered by General Motors. Vauxhall's parent, which is trying hard to narrow the lead that its arch-rival Ford has built up in car markets outside North America. In Britain GM, the world's

bogs for the past few weeks.

Even before the islands were recaptured the British Government was coming under considerable pressure from these journalists, mainly foreign, who had been denied a place with the Task Force. The American television networks, in particular, have been frustrated by their lack of pictures. At least the BBC and ITV had their own men with the troops as they landed; even if the pictures were usually more suitable for the photographic albums.

The task of reconciling all the conflicting demands has been passed backwards and forwards between the MoD and the Foreign Office. Not the least of the problems for the men in London was that General Jeremy Moore, the Falklands military commander, is apparently not too keen on hordes of journalists tramping across unmined minefields and interviewing every possible Falkland Islander remaining.

One suggestion which cynics believe may have come from Port Stanley was to send the second wave of journalists by boat from Britain. Two weeks later the world may have forgotten what it was all about. Thankfully for the cause of informing the public that idea has now been dropped.

that hostilities are at an end. Without such a guarantee both the Chilean and British Governments are naturally unwilling to allow planeloads of journalists to risk being shot down by a Mirage pilot anxious to restore national honour.

Accommodation is apparently little spartan in Port Stanley, but then these are the "day trippers," as the MoD calls them and not the seasoned war correspondents who have "yomped" with the Marines across bleak moors and peat

mountains containing the relics and props of films past.

Today a dozen are humming with activity. In No. 5 (claimed to be the biggest single studio in the world) Franco Zeffirelli is completing his £3.5m film version of Verdi's *La Traviata*. At the end of the month Lima Wermuth will start shooting *Tetto d'Agreste* complete with Sophia Loren, fresh from serving a one month jail-term near Naples for tax offences. Federico Fellini is waiting impatiently for the seven sets required for his new film *E La Nave Va* to become available.

But the mood is more down to earth than the heady days of 20 years ago. Monumental epics of uncertain profitability are a thing of the past. Increasingly Cinecitta is aiming for lower budget films, both Italian and foreign. Native directors meanwhile are deciding that after all there is no place like home. "I've started working here in Italy again," says Zeffirelli, "because nowhere else offers the same combination of cost savings, enthusiasm, and sheer technical expertise."

The authorities, who run Cinecitta through the state-funded Cinema Management Organisation are doing their bit by speeding the installation of sophisticated electronic equipment to enable the studios to cash in on the growing vogue for films made for TV, and other specialised audiovisual products. Set-building facilities are also being improved, to help keep production time, and therefore costs, down to a minimum.

To ease its chronic financial burdens, Cinecitta is being allowed to sell off 40 acres of unrented land for building. The proceeds could reach £28m (£12m), more than enough to pay off its financial debts. And when that is done, not only the artistic, but also the economic, restoration of Cinecitta will be complete.

Contributors:

Andrew Whitley
Michael Rice
Rupert Cornwell



The drive for customers accelerates: the advertisements above all appeared recently on a single day in the London Standard

not price comparison." But BL too has become embroiled in the general price cutting.

Mr Jim Marston, managing director of Volvo Cars UK, estimates that so far this year the export marketing activity has lifted total UK new car sales by between 10 and 15 per cent a month.

Even so, at the end of May new car registrations were 2.8 per cent down on the same period last year. And many dealers and manufacturers believe that total new car sales for 1982 will not be much more than 1.5m compared with the peak year of demand, 1.75m, when they reached 1.75m.

The speaker is a dealer who runs a family business in Surrey. He sells new cars provided by two of the major manufacturers and the signs of their distress — and his — are evident in the posters splashed across his showroom windows. The general theme is that "there has never been a better time to buy a new car or to get a marvellous trade-in deal."

Used car prices have declined steeply in response to the discount war. Mr Cedric Redfern, chairman of Godfrey Davis, estimates that the drop is as much as 30 per cent since the end of December.

At Glass's Guide, publishers of the booklet referred to by nearly every car salesman before fixing a trade-in price, they say that it is not quite as bad as that for reasonably-new, desirable, used cars.

Values have dropped by 10 to 12 per cent since December, about double the rate for the same period last year. In more specific terms, cars of the "lower-medium" type (like the Ford Escort) dropped in value by £175 in December-June 1981 but comparable models were £230 in the first six months of this year.

Company fleet managers have made the Cortina Britain's best-selling car. Some 60 per cent of Cortina registrations are in company names whereas the fleet account for only 45 per cent of total new car sales. Fleet managers are having to re-think their purchasing policies because the Cortina is on the way out. Vauxhall believes the time is ripe to win some of this business and in the Cavalier and the Astra it has the models to do so.

BL has been caught in the middle as the American companies battle it out.

At the beginning of this year Mr Ray Horrocks, chairman of Austin Rover, BL's volume car business, promised his dealers that in 1982 the company would not sell its products by low pricing but by getting customers to appreciate their other qualities — by product comparison.

How the dealers are being hit

"RETAIL customers rarely used to ask for discounts on new cars. Now some cheeky people want 14 per cent. The manufacturers' advertising has encouraged them to think that way."

The dealer gave up petrol sales as unprofitable last year. Of his other profit centres, the workshop is suffering reduced load, partly because of the lack of cash in customers' pockets and also because the new technology in vehicles means a car now comes into the workshop only once a year for service."

Only his spare parts and accessories business remains reasonably buoyant.

Like many other traders his financial problems are accelerating because the severe competition which for new car sales started 18 months ago has only recently been reflected in the usually more-profitable used car business.

He admits that during the past year or so the manufacturers persuaded him to take on too many new cars than was prudent and this used up some capital which would have been better employed in the used car operations.

He reckons he needs about 7 per cent to cover the cost of retailing a car, which includes financing, preparation and delivery.

Fleet buyers now demand 15 or 16 per cent discounts, leaving him 3 or 4 per cent.

"Everybody in the trade agrees fleet business is not profitable."

The dealer says he is lucky today to retain 5 or 6 per cent from a new car sale to a retail customer — again not covering his costs.

All over the country the used car business seems to

have dried up. "I bought some cars at auction at the beginning of May and they are still unsold. People who are managing to sell used cars are doing so at trade prices just to get the money back into the bank. Cash flow is the important thing these days — making sure you can pay the bills."

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ference on EEC competition policy in the 1980s. London.

WEDNESDAY: New construction orders for April. Health service unions 24-hour strike. TUC general council meeting. London. Mr Margaret Thatcher addresses UN special session on disarmament. New York. Mr John Nott, Defence Secretary, opens Sea Eagle development building. Hatfield.

THURSDAY: Energy trends. Capital expenditure by the manufacturing, distributive and service industries (first quarter, revised).

TODAY: Kent miners strike.

FRIDAY: Department for National Savings' monthly progress report for May. EEC Foreign Ministers' political co-operation conference. Luxembourg. Mr Michael Foot, Opposition Leader, speaks at by-election meeting. Coleshill.

SATURDAY: Cyclical indicators for the UK economy (May). Cuts in London Underground Service. Thompson National Carrier starts private parcels service. EEC Foreign Ministers begin two-day meeting in Luxembourg. discuss Spanish

law. Home Secretary, speaks at Coalbridge by-election meeting. Mr Macmillan, Begin, Israeli Prime Minister, meets President Ronald Reagan, in Washington.

SUNDAY: Gross domestic product (first quarter—provisional). Provisional June figures for unemployment and unfilled vacancies. Mr Gordon Brierley, Fair Trading director-general, and Mr F. H. J. Andriessen, EEC Commissioner, speak at CBI conference.

MONDAY: Iron and Steel Trades Confederation conference, Isle of Man (to June 25). Mr John Nott, Defence Secretary, opens British Army Equipment Exhibition, Aldershot. Mr William White,

illustrated

ILLUSTRATED

THE ATCO ROYALE

ATCO Royal ride-on mowers are the result of a unique Auto-steer technology.

This makes the ATCO Royal ride-on mowers

the easiest to turn and steer.

For a limited period only, ATCO are offering totally free

charge the unique and highly manoeuvrable Auto-steer

worth £125 (manufacturer's recommended retail price inc. VAT)

when you purchase any of the ATCO Royal range of cylinder mowers.

The offer closes on July 31st 1982, so clip the coupon and mail it back to us now.

We'll send you the name and address of your nearest

ATCO stockist.

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Chloride reduces losses sharply to £2.4m

DESPITE CONTINUING overcapacity in the battery industry and causing intense competition and unacceptably low profit margins Chloride Group reduced its taxable losses in the year to March 31 1982 from £13.5m to £2.4m. Turnover advanced by 10 per cent from £382.3m to £387.7m, mainly due to exchange rate movements.

Ordinary dividend payments are again being missed by this international battery manufacturer and the first dividend on the 7.5 per cent convertible preference shares is being deferred. Losses for 25p shares are given as 10.4p (16.2p).

Looking ahead Sir Alastair Pilkington, chairman, says there is unlikely to be any great growth in battery demand in the short-term. Therefore, the group must continue to reduce its cost base, to become more competitive—especially in the UK and Continental Europe.

The group's recent develop-

ment of maintenance-free automotive batteries using recombination technology is a significant breakthrough, he says, which will give it the motor industry, retail dealers and the motorist very considerable benefits over conventional products.

Already successfully launched in Australia, this unique battery will also be manufactured in other group companies by the end of the current year. Several major motor manufacturers are evaluating samples of the battery as original equipment on their next generation of cars.

Operating profits were well up from £4.5m to £15.7m against continuing world recession. A hostile trading environment and low demand in most of the countries in which the group operates, Sir Alastair says.

All three operating regions improved their performance. The overseas operations had their best ever year. America made a good recovery—with operating

profits of £1.6m against losses of 14.4m.

The UK and Continental Europe continued to be the main problem areas, but reduced operating losses to £400,000 compared with £3.3m.

The year's improvement was mainly the result of actions taken during the last two years to reduce cost, Sir Alastair says. Although the total UK automotive battery market showed little change there was some increase in our volume. Motive power battery sales were seriously affected by a further drop in demand and competition intensified, resulting in lower margins. The trough in this market now appears to be past and there were definite signs of an improvement in orders in the last quarter.

The total U.S. automotive battery market increased slightly and the group's volume improved. Losses incurred by the industrial battery operation

in the U.S. were significantly reduced during the year.

Shareholders' funds rose by £5m, the rights issue proceeds largely being offset by the £15.7m retained loss.

Capital expenditure was largely directed towards new products and the introduction of cost saving machinery, and at £12.0m was £1.7m less than in 1980-81. The expenditure is almost covered by depreciation for the year of £17.5m.

Taxable profits included associate profits of £1.2m (£1.5m) and were struck after interest of £1.5m (£1.6m). Tax took £1.5m (£2.2m) relating entirely to overseas profits, leaving net losses of £9.4m (£18.5m). After minority debits of £2.4m (£2m) and net extraordinary debits of £2.5m (£2m) the attributable losses emerged at £15.7m (£22.5m).

See Lex

Final quarter setback, but Wedgwood ahead

£2.44m to £482,000 in pre-tax profits in the final quarter, figures for Wedgwood for the full year to April 3, 1982 improved from £6.06m to £6.55m. Turnover of this manufacturer of bone china and earthenware rose from £106.05m to £116.93m at the year-end.

The directors say the year's results are considered satisfactory in the light of the deep world depression. They express disappointment, however, in the final quarter's figures.

They blame several factors.

including severe competition and the consequent squeeze on margins, exceptionally depressed market conditions in Europe and Canada, the effect of the collapse of the construction industry in the U.S. on the group's tile plant in California, and the cumulative effects of the cost reduction programme on its inventory valuations.

The directors say the prospects for the first half of the current year do not hold out much hope of a major improvement, but they share the grow-

ing opinion that the international business scene is likely to improve in the last three months of 1982 or early in 1983.

The cost reduction programme places the company in a healthy state to meet competition and to benefit from any improvement in market conditions.

The final dividend is raised from 2.25p to 2.675 net for a total of 4.425p against 3.3p. Stated earnings per 25p share rose from 10.2p to 11p. Net

asset value per share was 126.1p (112.9p).

The year's operating profit rose from £8.74m to £9.01m, and interest took £2.47m (£2.68m). After tax of £2.44m (£2.25m), attributable profits were £4.1m against £5.62m, which included extraordinary debits of £3.26m. Dividends absorb £1.67m (£1.25m), leaving retained profits of £2.44m (£2.397,000 deficit).

On a CCA basis pre-tax profits were £1.42m (£584,000). See Lex

Lofs deeper into the red and no dividend

WITH three of its subsidiaries trading at a loss, London and Overseas Freighters plunged deeper in the red in the year to March 31, 1982. Pre-tax losses were £1.84m against £127,000. No dividend is being paid for the year against 1.072p net.

The heaviest trading loss was incurred by London Shipwreck Company where the figure was £2.7m, against £1.53m. London and Overseas Freighters loss was £223,000 against profits of £110,000, and Welsh Overseas Freighters suffered a £36,000 reverse against profits of £75,000. Profits from other subsidiaries amounted to £53,000 (£38,000).

The directors say the company's liquid resources at the year-end amounted to £10m, but these must be looked at in the light of loan repayment commitments and contractual progress payments on the new tankers. In all, these will have absorbed nearly £7m by the time the second new tanker is delivered

at the end of October. Since the end of the year, the group has taken steps to increase working capital in order to be in a position to sustain a prolonged recession in shipping rates. There has been some improvement in the rates recently, but prospects point to a further period of difficult trading.

The B26 bulk carriers enjoyed good charters in 1981-82, but the market is suffering from worldwide depression and many new bulk carriers will be delivered this year. The company's 140,000 dwt tankers experienced a difficult time, though in view of the prevailing low market rates, they have shown relatively good results.

Investment income and interest received was £1.98m (2.54m).

Interest charges for the year amounted to £1.94m (£1.84m) but includes foreign currency adjustments. Depreciation costs were £3.19m against £3.98m. There

was a tax credit this time of £137,000 (£303,000 charge). Minority debits totalled £11,000 (£30,000 credits). Associates losses after tax were down from £776,000 to £580,000, and the amount written-off listed investments was £24,000 this time, resulting in an attributable loss of £2.32m (£961,000). Net asset value per 25p share was down from 79.2p to 74.8p.

Auditors More, Stephens and Co note that if the group's secured U.S. dollar loans were translated at each accounting date, as is general practice, instead of exchange rates ruling at March 31 1982, and the difference treated as an extraordinary item reserves would be reduced by £2.22m. The accounts show shareholders' funds at £1.94m (£44.57m) of which reserves were 27.88m (£30.51m).

Comment

Much of the current interest in Lofs centres around the intention

of dawn raider Leane Investments. The recent death of a leading figure in the consortium did raise some doubts about its financial muscle to carry through with a full bid but this question mark seems to have been lifted.

The jump in Lofs pre-tax loss was generally expected and shareholders may have to brace themselves for even worse news next month. The tanker and VLCC markets remain very depressed and the bulk carrier rates are weak.

The purchase of two new tankers, therefore, looks untimely and will create substantial net interest costs as borrowings jump from a year end £1.8m to around £3.9m and cash declines. Even so the group is well able to continue to ride out the rough weather and to make disproportionate gains from any upturn in shipping rates that arise. Meanwhile yesterday's 8p fall in share price to a 1982 low of 34p—less than half net asset value—could prompt the raider back into play.

On a CCA basis, there was a pre-tax loss of £3.9m (£4.5m). ■

Comment

Jonas Woodhead has cut its pre-tax losses by just over a third.

But the improvement is far from a reflection of a better market. Indeed turnover is down 4.3 per cent and selling prices have been severely squeezed by the motor manufacturers who are taking a hard line on what they intend to pay for their components.

Overseas it was worse, with the sales value figure down by a fifth.

Woodhead has been able to achieve its reduced losses by slashing nearly 1,000 employees off the payroll bringing the number down to 2,800. Further cutbacks were announced yesterday.

The directors say the company has been forced to supply at and below price levels which were effective a year ago, and recently customer attitude has hardened still further with the effect of under-recovery of cost increases.

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ERF loss declines to £3.7m

TAXABLE LOSSES of heavy commercial vehicle manufacturer ERF (Holdings) were reduced from £4.45m to £3.69m in the year to April 3, 1982—following a fall from £2.51m to £2.23m at the six-month stage. The year's turnover dropped by £3.41m to £52.35m.

Dividend payments are being maintained with a single distribution of 0.1p net per 25p share.

Losses per share are given as 49.36p (61.41p) or 47.67p (59.29p) fully diluted.

The directors say deliveries in the first eight weeks of the current year showed a considerable improvement over recent months and the group now has a three-month order book.

As a result, production is at a higher level and the group is hopeful about export prospects.

While long-term prospects are difficult to forecast, Mr E. P. Foden, chairman, feels there is a pent up demand for vehicles in

the UK market which is being frustrated by Government in decision on giving the go-ahead to heavier lorries.

The pre-tax losses were struck after interest of £1.38m (£1.54m), bank overdraft interest of £991,000 (£1.28m) and redundancy costs of £250,000 (£137,000). There were also extraordinary debits of £1.4m (£616,000), for closure costs of Cheshire Fire Engineering.

comment

ERF is walking a thin line. Although second-half losses are less than first, a wallop loss has ravaged shareholders' funds. Now at about 82.5m, the company's net worth is less than half its level of just two years ago. Borrowings, in the meantime, are still more than £7m, which means that capital gearing is now dangerously high.

The company says the worst is over, however, and is counting on a return to profitable trading in the current year. Order books in the last quarter of the year were running 50 per cent higher than a year ago, although those were admittedly very depressed times. The company is also optimistic about strengthening its export orders.

But making all those vehicles requires capital and ERF is severely pinched in this quarter. The company must now hope there is no noscorgo in the recovery which is now starting to come through—the fate of Foden still looms large.

If ERF makes it safely through this crisis, some sort of capital injection is no doubt on the cards. The shares, unchanged at 43p give a market capitalisation of around 83.1m.

comment

ERF is walking a thin line. Although second-half losses are less than first, a wallop loss has ravaged shareholders' funds.

In the meantime, the three executive directors are remaining in their management positions at the company to ensure no interruption in its operations. Mr Bland was a non-executive.

Mr Moir was absent from the meeting and was understood to be temporarily indisposed.

The directors of this curtain styling and electric surface heating products manufacturer say the first half was frustrating because of depressed conditions in several markets, notably the UK home furnishing trade. The market share was generally maintained but often at the

lowest loss to the group.

Profitability was also hit by the costs associated with the removal of the South African operations from three sites to one new one, they say.

While demand remains in the group's markets simultaneously, a better result in the second half cannot be anticipated they add.

Taxable profits included a contribution from associates of £2.0m (£1.12m) and tax took £2.43m (£425,000). After minority debits of £1.00m (£77,000) and extraordinary credits of £47,000 (nil), the attributable profits emerged at £268,000 (£450,000).

The stated loss per 25p share was 1.41p (2.19p earnings).

Dividends per share were given as 0.1p (0.1p).

comment

Thomas French slides to £474,000: holds interim

IN THE first half to April 3 1982 taxable profits of Thomas French and Sons fell from £882,000 to £474,000 on turnover of £9.49m compared with £9.32m.

However, despite a fall in earnings per 10p share to 5.9p the interim dividend is being maintained at 2.25p net. Last year a total of 6p was paid from pre-tax profits of £816,000.

He added that he and the other three rejected directors—Mr Peter Hewlett, Mr Mick Mee and Mr Peter Jones—were now considering "what action, if any,

we can take as disgruntled minority shareholders."

In the meantime, the three executive directors are remaining in their management positions at the company to ensure no interruption in its operations. Mr Bland was a non-executive.

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THE Times' Veneer, timber manufacturer, has reduced its pre-tax loss to £140,000 in 1981 compared with £203,000 previously, including a loss of £145,000 (£231,000) arising from the RJG/Tipton closure.

Turnover declined to £4.28m against £4.93m.

Pre-tax loss stood at £42,542 (£127,524) at half time.

There was no tax (credit £98,000) for the year but there was an extraordinary debit of £144,000 (nil), being terminal losses on the closure of RJG (Collins).

Loss per share is stated at 1.99p (earnings 1.36p). Again there is no dividend.

CIA pre-tax loss is shown as £202,000 (£390,000).

Lower loss at Times Veneer

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THE dispute between the holding company Harriet Baird and four directors of its 63.3 per cent subsidiary, H. J. Baldwin, led, as expected

JULY 1982

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Stanley Gibbons, the world's largest stamp dealer, has been purchased by its own management in a deal believed to be worth about £2m. The company went up for sale last year when its parent, Letraset, was acquired by the Swedish office equipment group Esselte AB, which made it clear at the time that it had no intention in retaining Stanley Gibbons.

Provincial Insurance made an agreed offer for the balance of the ordinary shares of Exeter Trust, a licensed deposit taker, in which it already owns a 37 per cent stake. The offer values the outstanding shares at £2.85m and the entire Exeter equity at £4.47m.

Glynnval International, the engineering and steel group, acquired Automation Service Equipment of Michigan for \$5.65m. Automation designs and manufactures automated equipment for the movement and storage of small industrial components.

Hill Samuel purchased Woodward Ryan Sharp and Davis Inc., a New York-based financial services company, in a deal worth about \$5m.

Anglo-Nordic Holdings is to apply for a quotation in the Unlisted Securities Market through the reverse takeover of the Argentinean Tramways. AAT announced plans for an offer of up to £3.36m in shares for Doverford, a wholly-owned subsidiary of Anglo-Nordic. If successful, this would give AAT a 79 per cent holding. On completion of the deal, the existing AAT board will resign and be replaced by the directors of Anglo-Nordic. AAT, whose interest in the Buenos Aires subway was nationalised by the Peron Government in 1939, has been receiving compensation payments and is at present purely a cash company with invested funds of £1.1m. Its Stock Exchange listing has been suspended since last June.

BP Chemicals and Imperial Chemical Industries have reached agreement on restructuring for their siling plastics and petrochemicals businesses in the UK. The deal will mean the closure of seven plants and the loss of 1,800 jobs. The two groups propose closing ageing inefficient PVC plastic plants. They will then swap the remaining trimmed businesses. BP Chemicals will pull out of the PVC business while ICI will abandon polyethylene production in the UK.

Sethia stake in M. Black

House of Sethia, the private shipping and commodity trading business of the Sethia family, has increased its stake in Martin Black from under 5 per cent to 9.59 per cent last week, and has now announced further purchases giving it a 14.22 per cent holding.

Mr J. A. Kennedy, Martin Black's managing director, said he had talked briefly with one of Sethia's directors who had explained that the stake represented an investment only.

More Records in prospect for New Boom

Thatcher Policies

Proove Bullish View of Reagonomics

There's an old professional spectator's trick involved in the concept of supply-side economics which has upset so many analysts and economists.

"Voodoo," is what this staples new critics of supply-side economics call it. It is typical of them to ignore the public and its innate desire to superstition—simply to follow the cycle's course by buying bangles in the same way that simple-minded people do.

Chatterhall will issue 3.7m new 5% fully-paid shares to the vendor, Sylvian Holdings, representing 96 per cent of the enlarged share capital and worth £1.7m based on a price of 45p for each Chatterhall share. It expects the deal will be completed on Monday June 21.

Charterhall's terms for General Oil

Charterhall, the natural resources investment holding company, yesterday sent details to its shareholders of its proposed acquisition of 75 per cent of General Oil, a UK oil exploration company.

Charterhall will issue 3.7m new 5% fully-paid shares to the vendor, Sylvian Holdings, representing 96 per cent of the enlarged share capital and worth £1.7m based on a price of 45p for each Charterhall share. It expects the deal will be completed on Monday June 21.

The company has up-dated its accounting policies with regard to properties owned by the group. These have been revalued and buildings depreciated according to the latest standard accounting practices. Consequently, £43,000 in respect of depreciation previously provided has been added back in arriving at the group trading profit. Without this credit, there would have been a group trading loss director say.

Tax was £21,000 (£59,000) and extraordinary debits £5,000 against £37,100 before loss per ordinary share came to 0.2p (0.5p).

The CCA pre-tax loss is £318,900 (loss £205,000).

The Jeffery Letter

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1981-82 Gross Yield P/E

High-Low Company Price Change div.(%) Actual yield

120-120 Acs. Brit. Ind. Ord. 120 - 5.2 10.8 13.4

130-100 Acs. Brit. Ind. CULS. 120 - 5.2 8.7 8.0 12.7

75-62 Alasprin 43 +1 4.3 10.0 3.8 8.1

51-33 Armitage & Rhodes 43 +1 9.7 4.4 10.5 12.9

216-100 B.C. 11pc Conv. Pref. 100 - 15.2 10.0 10.7 12.0

108-100 CCL 11pc Conv. Pref. 100 - 15.2 10.0 10.7 12.0

265-240 Cinclodes Group 265 - 6.0 10.0 3.0 5.5

104-60 Deborah Services 104 - 6.4 4.9 11.7 24.2

131-57 Frank Hough 74 - 6.4 5.6 3.8 7.2

75-45 George Blair 74 - 7.3 7.4 7.1 10.7

102-95 Ind. Precision Castings 102 - 15.7 15.0 10.7

110-100 Ian Conn 100 - 7.5 7.1 3.2 5.8

113rd-100 James Burrough 113rd +1 3.5 5.2 5.2 8.1

132-230 Robert Jenkins 230 - 5.7 5.3 5.9 10.7

71-51 Scruttons "A" 71 - 1.4 7.4 7.0 11.9

222-154 Torday & Gilliss 154 - 1.0 15.0 12.0 17.6

20-85 Twinklock 15pc ULS. 20 - 3.0 12.0 4.5 7.6

44-25 Unilock Holdings 25 - 6.0 7.5 5.5 5.8

103-73 Walter Alexander 103 - 1.45 8.2 6.2 12.3

Prices now available on Prestal page 45140.

THE TRING HALL USM INDEX 125.8 (-0.9) Close of business 18/6/82 BASE DATE 10/11/80 100 Tel: 01-633 1597

LADBROKE INDEX Close 552.557 (-3) THE PENNY SHARE GUIDE 11F Blomfield Street London EC2M 7AY

Company bid for	Value of bid per share**	Market price**	Price before bid bid	Value in pence unless otherwise indicated.	Bidder
Asset Cms "A"**	110*	107	52.11	59.70	TVW
AAA Inds.	373	33	35.77	1.49	Glossop
Bennete Corp.	120*	122	78	13.43	Bennet
Brad Group	50*	53	42	2.37	Lookers
Ductile Steels	149.85	140	114	19.26	Glynwed
Federated Land	175*	174	142	18.03	ESI Plus Funds
Gordon's Cams	280.42	260	260	18.02	British Arrow
Gordon's (Lds)	221	210	20.17	0.37	Pedro Deco
Grant Bros**	190*	186	179	2.22	Independent
London &					
Montrose Inv.	161.71	137	125	38.70	Select Rentals
Lonsdale Usavrl	66.4*	66	66	5.21	British Printing
Lonsdale Usavr11	57*	66	42	6.01	Meade (J.)
NCC Energy	25.4*	35.11	35.11	4.88	Cook Int
Speedwell Gear					
Case	20*	28.11	14	0.19	Lathkill
St Georges Grp	153.81	142	139.71	7.56	Spring Grove
Weber	52.81	52	43	2.82	Canston (Str J.)
Wilkins & Mitchl	1*	5	18	0.08	Centreflow
Wormals	15*	17	9.11†	0.57	Hawthorn

* All cash offer. † Cash alternative. ‡ Partial bid. \$ For capital not already held. ** Based on 18 June 1981. † At suspension. ¶ Estimated. §§ Shares and cash. || Unconditional. ¶ Loan stock.

Rights Issues

Anglo-Nordic Holdings is to apply for a quotation on the Unlisted Securities Market through the reverse takeover of the Argentinean Tramways. AAT announced plans for an offer of up to £3.36m in shares for Doverford, a wholly-owned subsidiary of Anglo-Nordic. If successful, this would give AAT a 79 per cent holding. On completion of the deal, the existing AAT board will resign and be replaced by the directors of Anglo-Nordic. AAT, whose interest in the Buenos Aires subway was nationalised by the Peron Government in 1939, has been receiving compensation payments and is at present purely a cash company with invested funds of £1.1m. Its Stock Exchange listing has been suspended since last June.

Applied Computer Techniques is raising £2.07m by way of a rights issue on the basis of one for eight at 16p per share.

Cronite Group is raising £1.6m by way of a rights issue on the basis of one for two of new ordinary 25p shares at par and £28 nominal loan stock at par for every 100 existing ordinary.

Minster Assets is raising £5.57m by way of a zone for four rights issue at 65p per share.

Simulation Excel has raised NKr 18.5m through a placing in the UK and Norway.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£'000)	Earnings* per share (p)	Dividends* per share (p)
Alpine Sft Drnks	Mar. 1,660	(1,510)	9.4 (8.0)	3.82 (3.85)
Anglo Indonesian	Dec. 361	(270)	— (0.3)	1.0 (3.33)
Ariel Industries	Mar. 27	(1,371)	— (2.3)	1.35 (1.35)
Burret	Dec. 201	(2,023)	— (2.5)	— (—)
Burton Holdings	Mar. 3,770	(2,503)	1.0 (0.8)	— (—)
Burton (Geo)	Apr. 2,040	(785)	1.43 (0.5)	0.35 (1.5)
Beales (John)	Mar. 211	(3,553)	— (—)	— (—)
Bewichd Constrcts	Mar. 200	(7)	— (—)	— (—)
Braby Leslie	Mar. 301	(262)	2.6 (1.4)	1.5 (1.0)
Bradford Prop	Dec. 7,500	(6,890)	16.2 (15.7)	5.0 (4.0)
British Dredging	Apr. 4,100	(2,800)	— (—)	— (—)
British Hrvy.	Mar. 28,310	(24,700)	51.0 (41.2)	12.5 (12.5)
B & C Stipling	Mar. 2,182	(1,580)	12.4 (9.8)	5.35 (5.25)
British Steam	Dec. 3,150	(2,500)	— (—)	— (—)
Continous Stat	Mar. 322	(301)	4.1 (3.8)	2.15 (2.15)
Country & New Tr	Jan. 3,230	(2,427)	1.2 (0.9)	0.85 (0.85)
Cropper (James)	Mar. 304	(100)	17.8 (15.2)	3.0 (2.5)
Dawson Int'l	Mar. 23,820	(20,670)	19.7 (15.0)	6.0 (5.5)
Dewys Surgical	Mar. 42L	(275)	— (0.9)	0.3 (0.6)
Elwick Hopper	Jan. 44L	(671)	0.1 (0.8)	0.05 (1.15)
EMAP	Apr. 3,300	(4,450)	10.7 (11.0)	3.65 (3.5)
Ferguson Ind	Feb. 5,420	(1,630)	11.3 (9.7)	5.7 (5.5)
Geoffrey Davis	Mar. 2,970	(2,570)	10.7 (14.7)	4.0 (3.5)
Highams	Mar. 529	(681)	5.8 (5.5)	3.55 (3.55)
Johnson Matthey	Mar. 48,610	(45,602)	27.4 (27.4)	10.4 (10.4)
Lytton Hides	Mar. 1,480	(3,310)	7.3 (8.2)	3.75 (3.4)
MIK Electric	Mar. 8,600	(6,600)	34	

INTERNATIONAL COMPANIES and FINANCE

Central bank steps into Ambrosiano

By JAMES BUXTON IN ROME

ITALY'S LARGEST private sector bank, Banco Ambrosiano, was yesterday being run by a provisional commissioner appointed by the Bank of Italy and the Treasury. The move was made at the request of the bank's board in the wake of the disappearance of its chairman, Sig Roberto Calvi, over a week ago.

Deals in the shares of the bank were suspended late on Thursday after they had fallen nearly 20 per cent during the day's trading. But the bank of Italy stressed yesterday that the bank was considered financially sound and that its day-to-day running was "normal".

Nevertheless, the Italian financial community has been shocked by the sudden turn of events. The Milan bank has been

left without either its chairman or its board, which was automatically dissolved by the Bank of Italy's action. On Thursday night, Sig Calvi's secretary of many years, who was aged 55, fell to her death from the fourth floor of the bank's offices.

Share prices on the Milan stock exchange rose marginally yesterday after four days of heavy falls triggered by Sig Calvi's disappearance. La Centrale, a subsidiary of Banco Ambrosiano which is still traded, fell three per cent compared to a decline of almost 20 per cent on Thursday.

The event which appears to have precipitated Sig Calvi's disappearance was a stern request by the Bank of Italy at the end of May to clarify transactions involving some of the

bank's foreign subsidiaries. In particular the Bank of Italy pointed out that the foreign exposure of Banco Ambrosiano was at the "extremely high" level of \$1.4bn (£1.90bn). The central bank wanted to know the details of this borrowing.

Sig Calvi is believed to have found himself in a minority on the bank's board when he revealed the central bank's request to his colleagues. A few days later he apparently decided to leave the country. He was last seen in Rome on June 10 and is believed to have made his way via Venice and Trieste to Australia, whence he may have continued to another destination.

In the absence of Sig Calvi, who is thought to be the only person who knows the full details of the bank's interests, the board decided on Thursday to hand over responsibility to the Bank of Italy.

Despite the implication that Sig Calvi may have involved Banco Ambrosiano in questionable or illegal dealings, the bank is considered financially sound. Its own financial resources at the end of 1981 amounted to £4.645bn and deposits of £4.645bn, making it the biggest in Italy.

It controls two other banks in Italy (both of them highly profitable), an insurance company and the finance company La Centrale. Had the Bank of Italy considered Banco Ambrosiano unsound, it could have appointed a commissioner on its own initiative.

Intel and Motorola in bubble memory deal

By LOUISE KENOE IN SAN FRANCISCO

INTEL and Motorola, two of the leading U.S. manufacturers of semiconductor devices, have signed a cross-licensing and technology exchange deal for bubble memories.

The arrangement is the first of its kind between the two companies which are generally keen competitors, and represents an effort on behalf of the Americans to fend off growing Japanese competition.

Intel's choice of Motorola as a partner in bubble memories was almost inevitable. Last year, the other major U.S. manufacturers of this special type of data storage chips—National

Semiconductor, Texas Instruments and Rockwell International—all dropped the product stating that the technology had not fulfilled their expectations, and would be too expensive to develop.

For Motorola, the deal with Intel represents its third attempt to share in bubble technology. The company had previously signed similar agreements with Rockwell and National Semiconductor.

Mr Len Call, bubble memory marketing manager, said Motorola's tenacity was explained by the company's recognition that bubble

memories will play an important part in the progress of microcomputer system development.

For Intel, the deal was an essential means of assuring customers of an alternative source for its bubble products.

Bubble memories are unlike most semiconductor memory chips, which are made out of silicon. They are based on a garnet material in which magnetic domains which look like bubbles store the ones and zeros of computer data.

Bubbles have several advantages over conventional semi-

conductor memories. They are more rugged and can withstand high temperatures. They do not lose their data when the power is turned off, and they are more reliable than the rotating disc memory systems used with most of today's microcomputers.

But bubbles are expensive, and this has reduced their usefulness to applications which take advantage of their special attributes. Intel now expects bubble memory to come into its own for use in portable personal computers. It estimates the current market to be worth just \$70m, but expects it to

grow to \$400m by 1985.

Isuzu Motors interim earnings fall sharply

By YOKO SHIBATA IN TOKYO

ISUZU MOTORS, the Japanese vehicle maker in which General Motors of the U.S. has a 34.2 per cent equity stake, reported a 27.4 per cent fall in consolidated operating profits to Y4.77bn (£19m) for the six months ended April 30. The setback was blamed on higher depreciation charges resulting from capital investment to set up a compact car assembly line for General Motors.

Isuzu's unconsolidated net profit fell by 33 per cent to Y2.62bn on half year sales of Y36.62bn up by 5 per cent.

The company sold 223,663 vehicles in the first half last year, up by 4,445 vehicles, while the value of sales rose 10 per cent to account for 22 per cent of the total turnover.

The fall in truck sales was offset by a 24 per cent rise in exports of engines and components to Y28.4bn to account for 27 per cent of the total sales.

Negative factors in the profit

sales of small trucks declined only slightly to account for 34 per cent of the total turnover.

Car sales totalled 63,447 units, up by 12,158 units. Trucks sales totalled 29,539 units down 3,451 representing a 7 per cent fall in value terms to account for 23 per cent of the total sales.

Small truck sales declined by 13,152 units to reach 12,870 reflecting a 18.550 unit drop in exports. The full value of

the fall in truck sales was expected in the second half, while car sales are targeted at 233,000 for a full-year total of 450,000 units, down from 458,773 last year.

COMMODITIES/REVIEW OF THE WEEK**London tin market pushed to 5-year low**

By OUR COMMODITIES STAFF

SUSTAINED SELLING pressure pushed tin prices to the lowest level for five years this week with the London Metal Exchange cash quotation ending \$455 down at \$5.475 a tonne despite rising £15 yesterday.

The fall was due mainly to speculative selling which was attributed to fears about the future of the International Tin Agreement after the current pact expires on June 30.

At a meeting in Kuala Lumpur today (Saturday) Malaysia, the world's leading producer, will try to persuade Indonesia and Thailand to join it in pulling out of the producer/consumer grouping and to join with it in a producer association instead.

If it succeeds this would spell an end to ITC buffer stock support buying which has been the main prop for the recession-hit metals.

Lead and zinc followed the copper price trend with the former ending £9 down at £23.45 a tonne and the latter £15.50 down at £37.4 a tonne.

The lead fall, which took the price to a 4-year low, was also partly due to a 4,650 tonnes rise in LME stocks last week to 22,325 tonnes. Zinc was de-

pressed by further producer price cuts to \$800 from \$880 a tonne following the lead given last week by Metallgesellschaft.

Soft commodities were also down in price with natural rubber, shipping to its lowest level since early March at one stage. At last night's close the RSS No 1 spot quotation on the London physical market was 47.5p/kilo, down 1.5p on the week.

An estimate by Colombia that its coffee crop would be down at least 1m tonnes this year because of bad weather could not prevent a further modest decline in London coffee futures prices. The September position closed 75p down at £1.3250 a tonne. Dealers thought the fall might have cushioned somewhat because of the approach of the Brazilian frost season, though there have been no scares so far.

At a meeting of the International Coffee Organisation executive board in London this week relations between producers and consumers were soured when consumers rejected a Colombian call for a clampdown on cheap sales of coffee to non-ICO members.

The sugar market had a relatively quiet week although sentiment tended to be depressed by news that the U.S. had set a 38,000 import quota for the July-September quarter. The London daily price ended unchanged on the week at 296 a tonne after falling to 295 during the weak.

The possibility of introducing several new futures markets in London is being studied by the London and New Zealand Futures Association. It was announced this week.

INDICES FINANCIAL TIMES June 17/June 18/Month ago/Yr ago

282.70 284.95 284.18 284.84 (Basic: July 1, 1981 = 100)

REUTERS June 17/June 18/Month ago/Yr ago

1492.5 1494.8 1564.8 1758.4 (Basic: September 18, 1981 = 100)

MOODY'S June 17/June 18/Month ago/Yr ago

965.5 975.1 1006.4 1084.8 (December 31, 1981 = 100)

DOW JONES Dow Jones 1/Month ago/Yr ago

2995.7 3000.15 +1 5010.5 -2.5 (Basic: December 31, 1974 = 100)

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Spot 510.5 +2.5 513.5 -2.5 514.5 +2.5

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Companies and Markets

LONDON STOCK EXCHANGE

No relief for markets as investors stay on sidelines Equities, Gilts and Golds all well down on week

Account Dealing Dates

Option

First Declarer: Last Account Dealings: tions Dealings 17 June 17 June 17 June 23

June 21 July 1 July 16 July 23

July 5 July 15 July 16 July 26

"New time" dealing may take place from 9 am two business days earlier.

London stock markets

remained depressed at the end of a trading Account which had

started promisingly with the FT Industrial Ordinary share index

poised to break its all-time peak and move above 600 for the first time. In marked contrast, this measure yesterday closed at 555.0, down 1.4 on the day and a drop of 38.4 on last Tuesday's first calculation when it touched 498.4 following UK base lending rate cuts of 1 to 12 per cent.

All main London investment areas this week met with investors' reluctance because of concern about rising U.S. interest rates. Other depressants included continuing uncertainties connected with the Middle East and the Falklands as well as domestic labour unrest.

The volume of selling in equities was insignificant yesterday, but the continuing dearth of investment inquiries saw dealers, some with more stock on their books than they want, again lowering prices of leading industrials. Wall Street's fall overnight to a 28-month low added to the dismal atmosphere. More in hope than on revived support, most leaders edged away from the lowest and the rally was taken a little further after the official 3.30 pm close when business is permitted without penalty for the Account beginning next Monday.

The strength of the dollar against sterling and other Continental currencies, which reflects the high levels of U.S. interest rates, continued to be the largest single influence on British Funds. Quotations lost ground at week and yesterday the tightness of near money increased the market's problems, leaving both short and longer-dated stocks down about 1.5 per cent. This was little altered by the latest Retail Price Index and the FT Government Securities index closed 0.35 lower for a fall on the week of 1.22 at 68.96, which is two per cent of the 1982 high posted on June 7.

Discounts down again

Continuing to reflect fading hopes for an early reduction in interest rates, Discount Houses lost more ground. Union (61) 10 more to 440p and Gerrard and National 8 to 270p. The major clearances drifted lower on lack of support: Lloyds declined 7 to 480p and Barclays dipped 5 to 368p. Merchant banks came on

offer with Kleinwort Benson down 8 at 216p and Hamers 5 off at 115p. Guinness Peat contrasted with an improvement of a penny to 66p.

A fresh bout of speculative buying fuelled by takeover suggestions helped Minet to feature an otherwise dull Insurance sector with a rise of 6 to 210p. Elsewhere, Royalts cheapened 5 to 337p and Sun Alliance gave up 10 to 750p.

Regional Breweries resisted the trend with Mansfield rising 5 to 339p on the increased dividend and profits. Hardys and Hansons were similarly better at 390p. Britannia Assurance now holds 10.8 per cent of the equity. Elsewhere, Bass and Vaux closed 3 easier at 227p and 181p respectively.

Buildings ended the Account on a decidedly dull note. Currency influences continued to unsettle Blue Circle and RPR, the former losing 4 for a fall on the week of 23 to 438p and the latter 6 for a drop on the week of 45 to 408p. Fading hopes of an early cut in interest rates prompted further scrappy selling among Housebuilders. Barratt Developments gave up 7 for a two-day fall of 14 to 286p, while George Wimpey lost 4 to 256p, while William Leach also shed 5 to 53p, while Bryant Holdings cheapened 3 to 103p.

Sales on offer and, in the unwilling market, gave up 12 to 576p. Redland shed 3 to 173p, the preliminary results are due next Thursday. Tilbury Group, a recent high-flyer, reacted to 510p before rallying late to close only 7 down on balance at 518p.

A. Caird feature

The Chemical majors attracted more business than of late, but the trend was again to lower levels. ICI reacted to 310p before settling a net 4 off at 312p, while Fisons dipped to 347p before closing just 3 cheaper on balance at 352p. Amersham, a shade easier at first, picked up to finish a penny better on balance at 213p. Elsewhere, Coates Brothers met selling, the Ordinary losing 7 to 73p and the A 5 up to 86p despite a favourable Press mention.

A. Caird jumped 50 more for a two-day leap of 11 to 415p, after 450p, on further consideration of the capital reorganisation and the acquisition by Parque Investment of a 37 per cent stake in the company. Elsewhere in Steel, Berisford bid speculation forced IIDS to move up late to 331p, 3 higher at 631p. Wærwell, still markable since the interim figures, lost 3 to 404p, after 41p, while John Medics cheapened 3 to 230p and George Oliver A dipped 6 to 140p.

Against the quietly dull trend in Electricals, Chloride contrasted with an improvement of 2 to 20p in response to better-than-expected results. Cable and Wireless continued firmly at 250p, up 3, but falls of 10 were recorded in Standard Telephones and Cables, 580p, and United Scientific, 350p. GEC were sold down to 915p before a late rally helped the shares to close unaltered at 925p, while Plessey slipped 2 to 105p, after 43p, ahead of next Tuesday's preliminary results. Racal finished unchanged at 418p, after 413p.

A depressed market earlier in the week following a broker's downgraded profits estimate, TI rallied 4 to 120p, but still sustained a fall of 6 on the week.

Elsewhere in Engineering, Westland rose 6 to 124p on defence spending hopes. Staveley, at 250p, lost half of the previous day's rise of 8 on the results following details of the British Salt deal with RHM and the subsequent share-placing. G. M. Firth fell 3 to 150p as did Pegler-Hattersley, to 204p.

Foods displayed an isolated firm spot in British Sugar, which put on 15 to 470p on hopes that S. and W. Berisford, 4 cheaper at 125p, will launch another bid for the company next month. Berisford is free to bid again from July 2. Cadbury Schweppes met selling and shed 3 to 96p, while Rowntree Mackintosh softened a couple of pence of 174p. Avana lacked support and lost 8 to 280p. Argyl remained subdued in the wake of the tender offer flop and relinquished a penny to 76p. The Warwicks hardened a fraction to 111p.

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Saturday June 19 1982

MAN IN THE NEWS

Too soon to gather cherries

BY DAVID HOUSEGO

"THE TIME for gathering the cherries has not yet come," said M. Jacques Delors, France's Minister of Finance, three weeks ago in a television broadcast. It would hardly seem a declaration that signalled a major change in policy. But students of French politics have come to recognise in M Delors' carefully dropped homilies and proverbs—he has a pugilist manner that echoes his past as a Catholic trade unionist of passionate convictions—the clues to which way the wind is blowing in Socialist France. Thus M Delors' pointer that the cherries were not ripe and ready for plucking proved the first indication of the austerity measures that lay ahead. The sour fruit that fell instead was a second devaluation of the franc, budget cuts and a wages and prices freeze.

Frenchmen appear to find bad news from M Delors' lips more palatable than from those of any other minister. His popularity remains high even though the opinion polls show the French growing more pessimistic about the state of the economy. In part this is a tribute to his honesty. His often agonised expression is that

Britain had been particularly worried at the way political chaos in Argentina had prevented any decisions there on the prisoners and on Britain's linked request for confirmation that all hostilities between Britain and Argentina had ended.

Britain has insisted that all the Argentine prisoners will only be returned after it obtains such a pledge, and indicated that several thousand prisoners could be brought back to prison camps in Britain.

Problems over keeping the support of its allies may already be increasing for Britain. U.S. officials said last night that the Reagan Administration had been particularly disturbed by the tone Mrs Margaret Thatcher, the Prime Minister, had adopted since the victory in Port Stanley.

They claimed that reports in the New York Times of Mrs Thatcher interrupting President Ronald Reagan during a telephone conversation and irritating other European leaders, had been deliberately leaked to encourage Britain to show more

Ships sail for Argentina with 5,000 prisoners

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

ABOUT 5,000 Argentine prisoners-of-war were reported last night to be on their way to ports in southern Argentina aboard the British passenger ships Canberra and Norland.

Earlier in the day the Foreign Office in London announced it had received formal confirmation that the Argentine authorities would co-operate after all by allowing the POWs to be shipped directly to Argentine ports.

Another 5,600 prisoners were still in freezing conditions on the Falklands, but Britain welcomed the fact that they would have to wait for far less time than it had feared.

Mr Francis Pym, the Foreign Secretary, had given a guarded reaction yesterday morning to the changes in leadership in Buenos Aires. "It gives me some ground for hope," he told a BBC interviewer.

Britain had been particularly worried at the way political chaos in Argentina had prevented any decisions there on the prisoners and on Britain's linked request for confirmation that all hostilities between Britain and Argentina had ended.

The British hope is that it should be able to keep the sanctions in being, at least until the meeting of EEC heads of government in Brussels on June 28 and 29. As a minimum, it wishes EEC countries to continue their arms embargo on Argentines, even after a declaration of the end of hostilities.

It is also determined to maintain what it considers its most effective sanction—the total exclusion zone in the South Atlantic on unauthorised shipping, which extends up to 12 miles from the Argentine coast and causes Argentina to have to pay high war insurance premiums for merchant ships willing to visit its ports.

However, the apparent Argentine recourse to the UN raises the possibility that some states may demand that Britain obey the third paragraph of the security council's mandatory resolution 502. Passed in the aftermath of the Argentine

invasion, it called for a cessation of hostilities, withdrawal of Argentine forces and negotiations between the two sides over all their differences. Britain argues heatedly that the resolution lapsed after Argentine failure to obey the first two paragraphs.

Britain found itself virtually isolated when the issue last came before the Security Council and had to veto a resolution which called for a ceasefire and troop withdrawal. China, a Security Council member, yesterday underlined the sort of problem Britain could face when it is said that Britain's military measures could not resolve the dispute over the islands.

In other developments yesterday:

- The Queen congratulated Adm Sir John Fieldhouse, commander-in-chief, fleet.

- A new British aircraft-carrier, HMS Illustrious, set off on sea trials. It may be sent later to the South Atlantic.

- Five British warships met in the English Channel to form a relief task force.

- An official breakdown of 255 British casualties showed 124 were from the army, 85 from the navy, 26 from the Royal Marines, one from the RAF and 19 were civilians.

- The Government has made renewed efforts to seek the release of three British journalists—Simon Winchester of the Sunday Times, and Ian Mather and Tony Prior of the Observer—held in Argentina. Foreign Office Minister, Mr Cranley Onslow, said in a Commons written answer yesterday: "We have already asked the Swiss embassy in Buenos Aires to express to the Argentine government our expectation that, in the context of our own willingness to begin repatriating prisoners as soon as possible, the three British correspondents who are being held by the Argentines will now be released."

France's current account balance-of-payments deficit is expected to rise from FFr 40bn (£3.37bn) last year to FFr 50bn this year.

But the May deficit fell yesterday to FFr 3.1bn, lowest since last August, from April's record FFr 10.2bn.

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